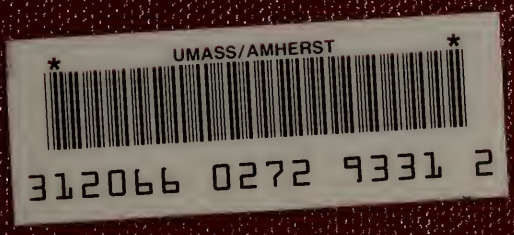
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COLLECTION

The Commonwealth of Massachusetts

1995 ABSTRACT OF THE FINANCIAL REPORT OF THE COMPTROLLER

For the Fiscal year Ended June 30, 1995

WILLIAM KILMARTIN,
Comptroller

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Commonwealth of Massachusetts

Comprehensive Annual Financial Report

Prepared by the Office of the Comptroller

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

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COMMONWEALTH OF MASSACHUSETTS
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Commonwealth of Massachusetts

Comprehensive Annual Financial Report

Introductory Section

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

COMMONWEALTH OFFICERS

Constitutional Officers:

William F. Weld	Governor
Argeo Paul Cellucci	Lieutenant Governor
William F. Galvin	Secretary of State
L. Scott Harshbarger	Attorney General
Joseph D. Malone	Treasurer and Receiver-General
A. Joseph DeNucci	Auditor of the Commonwealth

Legislative Officers:

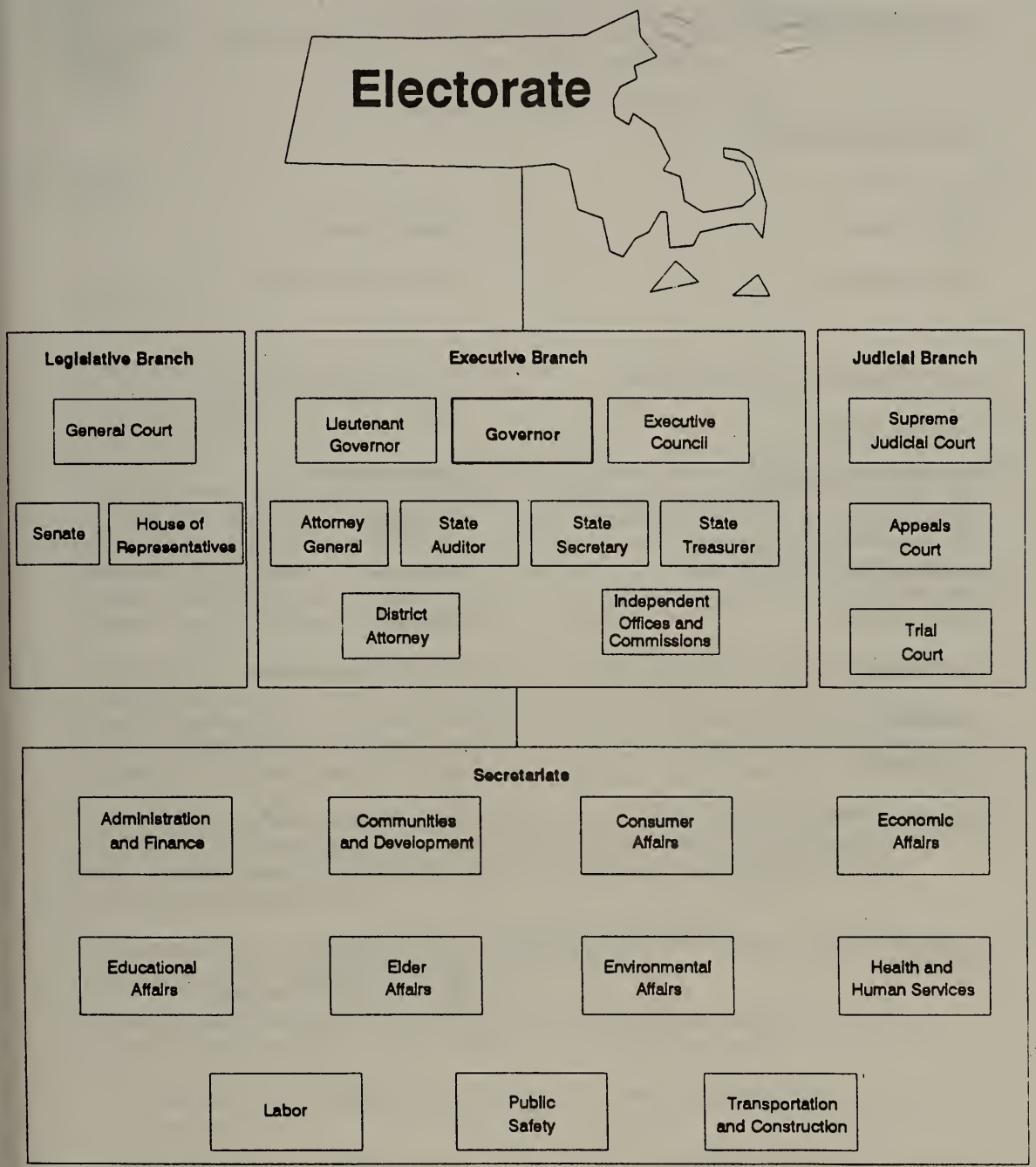
William M. Bulger	President of the Senate
Charles F. Flaherty	Speaker of the House

Judicial Officers:

Paul J. Liacos	Chief Justice, Supreme Judicial Court
Joseph P. Warner	Chief Justice, Appeals Court
John J. Irwin	Chief Justice for Administration and Management, Trial Court

THE COMMONWEALTH OF MASSACHUSETTS

Organization Chart



COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

ACKNOWLEDGEMENTS

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Pauline Lieu, CPA	Accountant
Cathy DiGianni	Administrative Secretary
Tina Federico	Intern
Jennifer Roper	Intern
James Powers, CPA	Special Projects

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The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place
Boston, Massachusetts 02108

WILLIAM KILMARTIN
COMPTROLLER

Phone (617) 727-5000
FAX (617) 727-2163

December 22, 1995

To the Citizens of the Commonwealth of Massachusetts,
Governor William F. Weld, and Honorable Members
of the General Court:

The cover and artwork throughout this document depict momentous historical events, such as the famous ride of Paul Revere, that have occurred in Massachusetts. From the perspective of state finance, the fiscal year ended June 30, 1995 (FY95) is also noteworthy. The Commonwealth will report for the first time since it started measuring financial conditions under generally accepted accounting principles (GAAP) a positive fund balance in its Budgeted Funds. For the fourth consecutive year revenues have exceeded expenditures by a significant amount, and a large portion of liabilities created in past years has been funded. The financial condition of the Commonwealth, on a GAAP basis, is very good.

The Office of the Comptroller is responsible for the fair presentation of the financial statements of the Commonwealth and for the preparation of this Comprehensive Annual Financial Report (CAFR) which is presented in three sections: Introductory, Financial and Statistical. The three sections of the CAFR, as detailed in the table of contents include the information necessary for the reader to obtain a comprehensive understanding of the Commonwealth's financial position and the results of its operations for FY95.

The CAFR is prepared in accordance with GAAP as established by the Governmental Accounting Standards Board (GASB), the professional standards of the American Institute of Certified Public Accountants (AICPA), the recommendations of the Government Finance Officers Association (GFOA), and the requirements of state finance law.

The implementation of GASB statement No.10 Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, had a material impact on the FY95 CAFR.

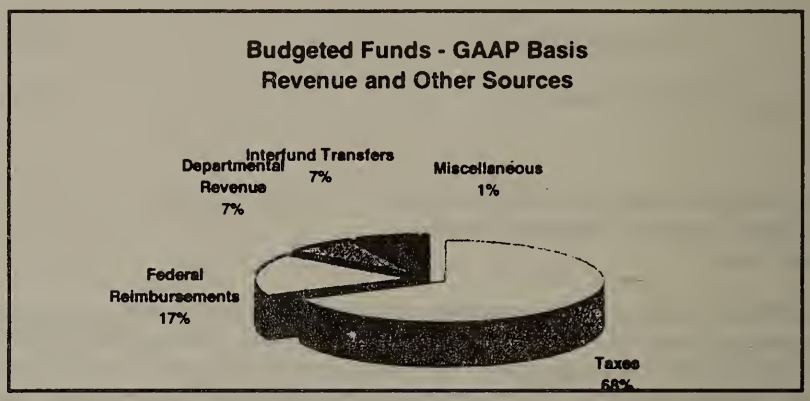
The following GASB statements while effective in FY95 did not materially change CAFR presentation because Commonwealth accounting policies already conformed to the requirements:

- statement No.19 Government College and University Omnibus Statement (Risk Financing Activities);
- statement No.20 Accounting and Financial Reporting for Proprietary Funds and Other Entities that use Proprietary Fund Accounting;

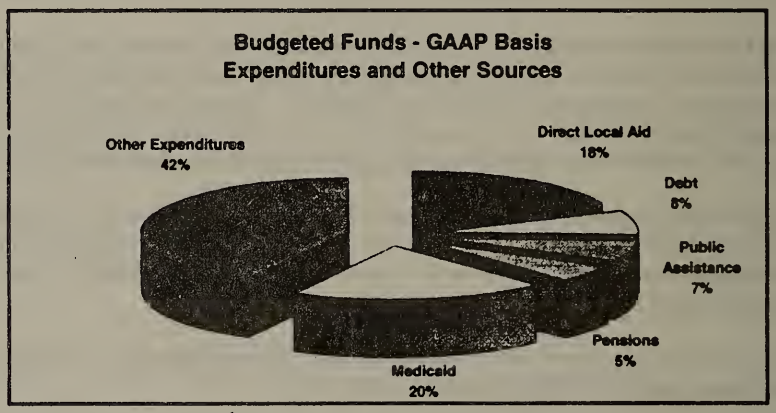
- statement No.21 Accounting for Escheat Property; and,
- statement No.22 Accounting for Taxpayers Assessed Tax Revenues in Governmental Funds.

The portion of state finances that typically engenders the highest degree of interest is the Budgeted Funds. These include the General, Local Aid, Highway, and Other Funds which comprise the annual state budget.

In FY95 revenues and other sources totaled $ 16,517.5 million. The chart below shows the percentage of revenue by type contributing to that total.



Budgeted funds expenditures and other uses totaled $ 16,249.1 million in FY95. The chart below depicts the percentage of each major program in this total.



The tables which follow set forth a multi-fiscal year view of financial performance for the Budgeted Funds under GAAP, and also provide a comparison to the same funds as accounted and reported under the statutory basis of accounting.

BUDGETED FUNDS OPERATIONS - GAAP BASIS
(Amounts in millions)

	FY91	FY92	FY93 *	FY94	FY95
Beginning fund balances (deficits)	$ (1,895.5)	$ (761.2)	$ (317.4)	$ (184.1)	$ (72.0)
Equity transfer					91.0
Restated beginning balance	(1,895.5)	(761.2)	(317.4)	(184.1)	19.0
Revenues and other financing sources	14,099.7	14,129.7	15,181.0	15,804.9	16,517.5
Expenditures and other financing uses	14,328.1	13,765.9	15,047.7	15,692.8	16,249.1
Excess (deficiency)	(228.4)	363.8	133.3	112.1	268.4
Prior year deficit financing	1,362.7				
Ending fund balances (deficits)	$ (761.2)	$ (397.4)	$ (184.1)	$ (72.0)	$ 287.4

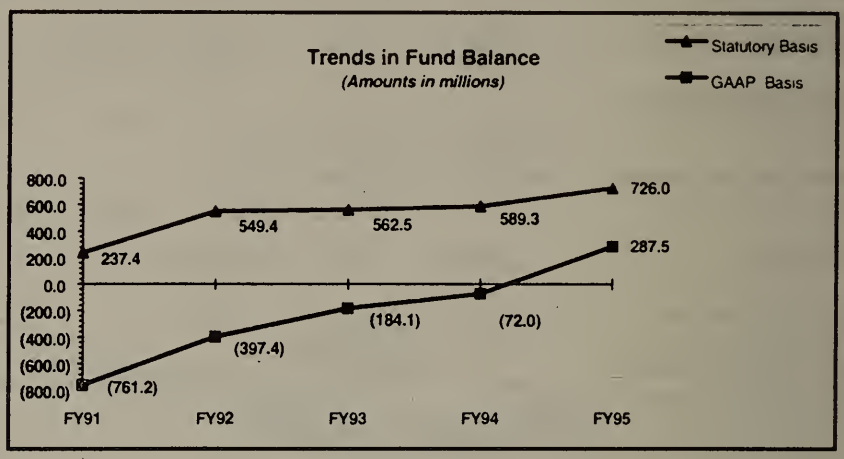
*As restated to reflect discrete presentation of the University and College Fund

On the statutory basis of accounting, which is used to develop the Commonwealth's budget and control its daily activities, the Budgeted Funds have achieved positive ending fund balances for each of the last five years.

BUDGETED FUNDS OPERATIONS - STATUTORY BASIS
(Amounts in millions)

	FY91	FY92	FY93	FY94	FY95
Beginning fund balances (deficits)	$ (1,104.4)	$ 237.1	$ 549.4	$ 562.5	$ 589.3
Revenues and other financing sources	14,493.3	14,226.1	15,205.7	15,979.2	16,930.8
Expenditures and other financing uses	14,514.5	13,913.8	15,192.6	15,952.4	16,794.1
Excess (deficiency)	(21.2)	312.3	13.1	26.8	136.7
Prior year deficit financing	1,362.7				
Ending fund balances	$ 237.1	$ 549.4	$ 562.5	$ 589.3	$ 726.0

Over the past four years the Budgeted Funds on a statutory basis have reported operating gains, increasing fund balance from $237.4 million to $726.0 million for a cumulative improvement of $488.6 million. Over the same period on a GAAP basis, operating gains have improved fund balance from a deficit $761.2 million to a positive $287.5 million, with cumulative improvement of $1,048.7 million. Simply stated, widely acknowledged efforts to accomplish fiscal balance on a statutory basis are even more impressive when viewed on a GAAP basis.



The basic principle of GAAP is to match inflows pertaining to the fiscal year to outflows for the same period to demonstrate if the objective of interperiod equity was accomplished. A modified accrual basis of accounting is employed to recognize certain assets and liabilities. Accomplishment of interperiod equity is denoted in a positive fund balance, and the failure to accomplish that goal is shown as a fund deficit. The effect of fund deficits shifts the burden of funding expenditures incurred in prior years to taxpayers in future years. The Commonwealth has provided not only revenues to match expenditures in the current year, but also excess revenues to "catch up" on prior year deficits.

There are five major items that account for almost all the difference between the statutory basis reporting and GAAP: Medicaid, subsidies to transit authorities, compensated absences, claims and judgments, and tax revenues.

For the Medicaid program, expenditures under the statutory basis of accounting are equivalent to cash disbursements. Thus bills for services rendered in the fiscal year but not paid, or rate adjustments owed but not paid are not measured in that year, but "pushed" into the next fiscal year. Under GAAP such items are accrued, so that all expenditures are consistently correlated to the fiscal year to which they pertain. The Medicaid expenditures measured on a GAAP basis for FY95 were $3,252.2 million, which is 1.1% higher than FY94. This very small increase is noteworthy, especially since total budgeted expenditures increased 3.8% from FY94 to FY95. It is apparent that initiatives implemented by the Division of Medical Assistance are constraining Medicaid growth to amounts less than the total budget, thus helping to balance the overall budget.

A second item is the amount the Commonwealth will owe for subsidies to the Massachusetts Bay Transportation Authority (MBTA), the Regional Transit Authorities (RTAs), and the Massachusetts

Convention Center Authority. Through various laws the Commonwealth has obligated itself to provide subsidies to these component units for operations and debt service. However, the annual budget is appropriated on a basis which "lags" behind the total amount of the subsidy. Under GAAP this amount is accrued, so that the total obligation is measured. For many years the amount for the "not yet appropriated" subsidy was growing at rates higher than the total budget. However in recent years this trend has reversed, and in FY95 the amount accrued for subsidy obligations not yet appropriated decreased from FY94 by $42.0 million.

The third item is compensated absences. Under GAAP the amounts owed for vacation earned but not yet taken and certain amounts of sick leave are accrued and reported as expenditures of the fiscal year. The trend for compensated absences has been relatively consistent.

The fourth item is claims and judgments. This has three components. One component relates to lawsuits. Under the statutory basis, amounts owed in lawsuits for torts, tax disputes, eminent domain land taking, or other legal actions are not measured as expenditures until the lawsuit is decided and the settlement is actually paid. Under the GAAP basis an analysis is performed on all litigation, and an amount is accrued for that portion of litigation where a settlement against the Commonwealth is considered probable. With efforts by the Office of the Attorney General to resolve litigation successfully and timely, the amount of this accrual has been gradually decreasing.

The second component of claims and judgements relates to Group Health Insurance. The Commonwealth's indemnity health plan allows payments for certain claims incurred in a prior year, the bills for which may not be rendered until the ensuing fiscal year. As with Medicaid, an analysis is performed and an amount is accrued. For the past five years the trend for the Group Health Insurance accrual has been relatively consistent.

The third component of claims and judgements relates to the Worker Compensation Program for Commonwealth employees managed by the Public Employee Retirement Administration (PERA). Under the statutory basis of accounting, expenditures for workers compensation benefits and medical expenses are recognized when paid. However, like Medicaid and Group Health, claims may be incurred and the payments may not transpire until an ensuing, fiscal year. Several initiatives have been implemented which have reduced the GAAP accruals by tens of millions of dollars. Since FY93, workers compensation losses have been charged back to the respective state department, thus providing an incentive for agencies to control costs and improve safety programs. Also legal advice and assistance was transferred by the Attorney General to individual agencies and a new special unit in the Executive Office of Administration and Finance. This transfers legal activity closer to those who have direct knowledge of the worker and direct stake in returning the worker to the job. PERA has been very active in the implementation of legislation and other actions to control the program. For example PERA increased staff to stabilize case loads and increased case management of medical claims including full utilization reviews. Also PERA has implemented recent statutory authority to remove workers from the worker compensation rolls within the first 180 days of disability when, in PERA's judgment, workers are capable of returning to work. In addition PERA has utilized lump sum payments to settle older claims, resulting in significant future economic savings. Generally PERA has provided leadership to all state agencies, to better manage the state employee worker compensation program, and the decreased GAAP accrual is evidence of PERA's success.

The fifth item that explains the difference between statutory and GAAP relates to tax revenue. For several reasons, for example, the extension of an income tax return, a taxpayer's obligation incurred in a fiscal year

might not be fully collected until the ensuing fiscal year. Under GAAP a special analysis is conducted in conjunction with the Department of Revenue (DOR), and an accrual for revenue is computed. The value of accrued revenue increased by $98.5 million in FY95, suggesting improvements in both the underlying economy and the efficiency of tax administration by DOR.

INDEPENDENT AUDIT

The firm of Deloitte & Touche LLP, together with subcontractors Daniel Dennis & Company, Margaret Carr, CPA and Susan Perna-Damon, CPA, and assisted by the Office of the State Auditor, have performed an independent audit of the Commonwealth's general purpose financial statements for the fiscal year ended June 30, 1995. We express our thanks to the staff of the respective firms for their professionalism, advice and counsel. FY95 marks the tenth consecutive year that the financial statements have been reported upon by independent auditors. Their report is presented in the Financial Section.

INTERNAL CONTROL ENVIRONMENT

Massachusetts law, Chapter 647 of the Acts of 1989, places authority and responsibility for internal controls with the head of each executive department, constitutional office, and branch of government. The Office of the Comptroller issues internal control guidelines and the Office of the State Auditor may investigate departments with risk of internal control weaknesses. The two Offices have continued to deliver joint training sessions for department managers regarding their responsibility for internal control in the Commonwealth's highly computerized environment.

Absolute internal control assurance is prohibitively expensive. Using risk assessment criteria set forth in the guidelines and stressed in the training, the objectives of the Commonwealth's internal control structure are to provide management and the public with reasonable assurance that internal control systems do not have material weaknesses. The reader is referred to the separately published Commonwealth Single Audit and the report of the independent auditors for additional information on internal controls.

REPORTING ENTITY

The financial statements incorporate the fiscal activities of 154 departments, agencies, boards, commissions, institutions of higher education, the judicial and legislative branches of government, and constitutional offices. These departments record their daily financial operations in the state accounting system called the Massachusetts Management Accounting and Reporting System (MMARS), operated by the Office of the Comptroller.

In addition, the financial statements include independent public authorities, and the State Employees' and Teachers' Retirement Systems. These component units meet the GAAP criteria for inclusion in the reporting entity, which are further described in Note 1 to the general purpose financial statements.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

MMARS is the computerized, statewide accounting system used by all departments to control and account for their financial activity under the statutory basis of accounting. The financial operations of the authorities and certain non-appropriated higher education funds are accounted for through their own independent accounting systems.

MMARS is designed to satisfy all requirements of the Commonwealth's statutory basis of accounting and financial reporting. Any additional information needed to prepare financial statements according to GAAP is provided through a combination of MMARS system-generated data, information compiled by departments and the submission of audited financial statements from certain independent authorities.

Note 2 to general purpose financial statements provides a reconciliation between the General and Budgeted Special Revenue Funds on a statutory basis and the GAAP basis presented in the general purpose financial statements.

GOVERNMENTAL FUND OPERATIONS

Within the Governmental Fund Types are the General Fund, Special Revenue Funds (many of which are budgeted), and Capital Projects Funds. These funds portray the Commonwealth's comprehensive governmental financial activity. The five-year trend of operations, on a GAAP basis, is summarized in the following table:

GOVERNMENTAL FUND OPERATIONS
(Amounts in millions)

	FY91	FY92	FY93*	FY94	FY95
Beginning fund balances (deficits)	$ (1,595.0)	$ (764.3)	$ (416.8)	$ (478.3)	$ (273.70)
Equity Transfer					15.5
Restated beginning balance	(1,595.0)	(764.3)	(416.8)	(478.3)	(258.2)
Revenues and other financing sources	20,217.5	20,795.5	22,380.3	23,226.0	24,216.4
Expenditures and other financing uses	20,749.5	20,278.9	22,441.8	23,021.4	23,974.5
Excess (deficiency)	(532.0)	516.6	(61.5)	204.6	241.9
Prior year deficit financing	1,362.7				
Ending fund balances (deficits)	$ (764.3)	$ (247.7)	$ (478.3)	$ (273.7)	(16.3)

* As restated to reflect discrete presentation of the University and College Fund.

Within the Capital Projects Funds component of the Governmental total, the Commonwealth issued approximately $476 million more in project financing in early FY96 instead of late FY95. Had such capital project financing been issued in FY95 the Governmental Funds would report a positive fund balance.

FIDUCIARY FUND OPERATIONS

The Fiduciary Fund Types include the Expendable Trust, Non expendable Trust, Pension Trust and Agency Funds.

The Non expendable Trust Fund and the Agency Funds account for assets held with restrictions and assets held temporarily on behalf of other parties. The amount of such assets managed by the Commonwealth increased by $509 million during FY95, to $5.5 billion.

The Expendable Trust Funds ended FY95 with a fund balance of $780.4 million composed of a balance of $131.3 million in Expendable Trusts and $649.1 million in the Unemployment Compensation Fund.

The Commonwealth is responsible for the payment of pension benefits for its employees and for the teachers of the cities, towns and regional school districts. It manages the operations of both the State Employee's Retirement System (SERS) and Teacher's Retirement Systems (TRS), and the Pension Trust Funds report the results of their operations and net assets available to fund pension benefit obligations in the Pension Trust Funds.

Pursuant to the pension reform law effective in FY88, the Commonwealth is funding its unfunded pension liabilities on a 40-year funding schedule. It is the responsibility of the Public Employee Retirement Administration (PERA) to complete actuarial updates for the funding schedule.

PERA has published an actuarial report as of January 1, 1995 for SERS, and TRS and for State Boston Retirement System (SBRS). These reports when applied to the measurement of the pension funding status as defined by GAAP yield the following:

PENSION FUNDING STATUS
(Amounts in millions)

	FY91	FY92	FY93	FY94	FY95
Total pension benefit obligation	$ 18,599	$ 17,640	$ 19,476	$ 20,670	$ 19,632
Net assets available for benefits	8,439	9,825	10,584	12,201	12,331
Unfunded pension benefit obligation	$ 10,160	$ 7,815	$ 8,892	$ 8,469	$ 7,301
Percent Funded	45%	56%	54%	59%	63%

Additional information on the retirement systems is presented in Note 10 to general purpose financial statements.

UNIVERSITY AND COLLEGE FUND TYPE

Since FY93 the CAFR has presented the University and College system in accordance with the AICPA Industry Audit Guide "Audits of Colleges and Universities". This presentation combines financial activity from all fund types for:

- The University of Massachusetts, including its campuses at Amherst, Boston, Dartmouth, Lowell, Worcester Medical School, and the Teaching Hospital, Group Practice and Building Authorities,
- the State College System of nine state colleges, which provide four year post-secondary education, and the State College Building Authority, and
- the Community College system of fifteen community colleges which provide two-year post-secondary education programs.

UNIVERSITY AND COLLEGE FUND TYPE OPERATIONS
(Amounts in millions)

	FY93	FY94	FY95
Beginning fund balances	$ 1,991.6	$ 2,010.4	$ 2,034.9
Revenues and other additions	1,329.2	1,449.5	1,536.7
Expenditures and other deductions	1,881.3	2,006.4	2,082.0
Net transfers, including state appropriations	570.9	581.4	601.6
Net Increase (decrease)	18.8	24.5	56.3
Ending fund balances	$ 2,010.4	$ 2,034.9	$ 2,091.2

The University and College Fund Type reports a positive GAAP fund balance. Approximately $2.0 billion of this fund balance is restricted or designated in plant funds, endowment funds, or other purposes.

COMPONENT UNITS

The Commonwealth's relationship to the independent public authorities, reported as Component Units, is based on statute and contracts between the Commonwealth and these entities.

COMPONENT UNITS OPERATIONS

(Amounts in millions)

	Beginning Retained earnings	Operating gain/ loss	Subsidy	Other changes	Ending Retained earnings
Massachusetts Bay Transportation Authority	$ (166)	$ (561)	$ 557	$ (42)	$ (212)
Regional Transit Authorities	2	(72)	50	22	2
Water Pollution Abatement Trust	7	(6)	3	13	17
Massachusetts Convention Center Authority	(4)	(13)	20	(5)	(2)
Bay State Skills Corporation	1	(9)	6	3	1
Government Land Bank	25	(5)	6	2	28
Massachusetts Community Development Finance Agency	2	(1)	1	(2)	0
Massachusetts Technology Park Corporation	19	(1)	2	1	21
Community Economic Development Assistance Corporation	30	0	6	0	36
Massachusetts Corporation for Educational Telecommunication	4	(10)	6	4	4
Massachusetts Industrial Service Program	13	(34)	1	39	19
Massachusetts Housing Partnership	15	1	2	(3)	15
Massachusetts Zoological Corporation	(1)	(2)	3	0	0
Massachusetts International Trade Council	0	(1)	1	0	0
Total	$ (53)	$ (714)	$ 664	$ 32	$ (71)

CASH AND INVESTMENTS

Cash and investments are controlled by the State Treasurer. Each department transmits all cash receipts to the Treasurer's Office. Weekly and daily warrants for disbursements are prepared by the Comptroller, and reviewed and approved by the Governor's Council; disbursements are issued by the Treasurer. A major project is underway to streamline the banking and disbursement process, and maximize use of electronic funds transfer.

A system of bank depository and disbursement accounts and lockboxes is employed by the Treasurer's Office to maximize daily cash balances. The Treasurer manages these cash balances in pooled investment funds to optimize interest earnings. The Treasurer's Office invests cash from these general accounts in short-term

securities and other investments. A discussion of cash and investments is presented in Note 3 to general purpose financial statements.

The Treasurer is also responsible for quarterly cash flow plans, weekly variance reports, and, jointly with the Executive Office for Administration and Finance, annual and quarterly cash management plans. Taxes and non-tax inflows, warrants, other outflows, and short and long-term borrowings are monitored against these plans.

FY95 is the second year of the Commonwealth implementation the US Cash Management Improvement Act (CMIA). The CMIA requires the states to measure interest income on federal funds drawn from the US Treasury prior to disbursement, and for the US Treasury to measure interest income on funds drawn down subsequent to disbursement. A settlement of interest due to or due from the state and federal government is computed. For FY95 the net settlement is an immaterial amount.

DEBT

The Commonwealth funds its capital appropriations by authorizing the issuance of long-term bonds. The following table sets forth the trend of the Commonwealth's tax supported long-term indebtedness for the last five years:

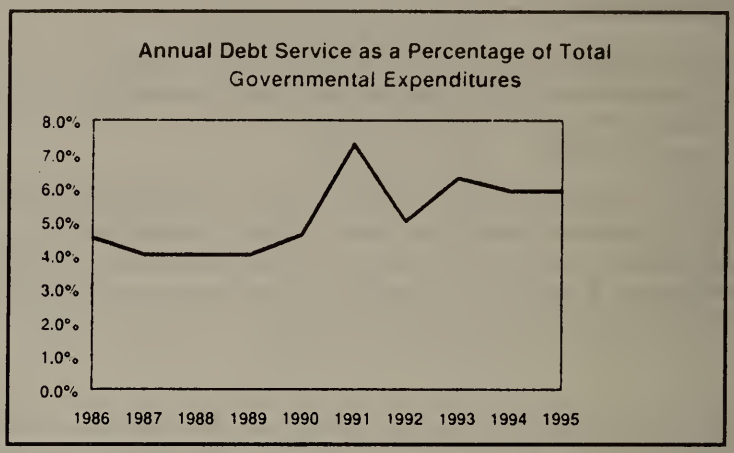
LONG-TERM DEBT
(Amounts in billions)

Fiscal Year	Authorized - unissued	Principal amount of outstanding long-term debt
1995	5.9	9.6
1994	4.5	9.4
1993	4.6	9.2
1992	4.9	8.6
1991	4.9	8.6

Approximately $620 million of the bonds outstanding represent borrowing to finance the statutorily defined FY90 deficit. This authorization requires complete repayment by FY98. During FY95, to take advantage of favorable changes in interest rates, the Commonwealth refunded approximately $463 million in outstanding debt. This action created a net economic gain of $21 million.

In addition to long-term debt, the Treasury may issue small denomination minibonds to finance capital projects. These bonds have a maximum term of 5 years, but, because they may be redeemed by the holders at any time, they are accounted for as fund liabilities. No new minibonds were issued and all previously issued minibonds have been retired.

To limit the Commonwealth debt burden, and control the degree to which debt service creates pressure on the operating budget, the Administration has implemented a five year capital spending plan. This administrative policy has been in effect for several years, and the effect of debt service on the operating budget is depicted on the following table.



As authorized by state finance law, the State Treasurer may utilize short-term borrowing to support governmental cash flow. As a sign of the improved financial condition, no revenue anticipation notes for cash flow purposes were issued in FY95.

Other debt consists of certificates of participation and capital lease agreements. Such financing arrangements are used to acquire capital assets, for example computer equipment and motor vehicles. The Commonwealth continued to utilize this form of financing in FY95.

Additional information on Commonwealth debt including guaranteed debt of independent public authorities, is presented in Notes 7, 8 and 12 to the general purpose financial statements.

RISK FINANCING AND PROPRIETARY FUND OPERATIONS

The Commonwealth assumes the risk of loss for property damage and personal injury, breach of contract, condemnation proceedings, and other alleged violations of law and is defended by the Attorney General's Office in such cases. In FY95, approximately $44.7 million was expended to resolve such claims in special and existing appropriations. Based on the Attorney General's evaluation of cases in which it is probable that a judgment will be rendered against the Commonwealth, and a loss incurred, an additional $64.4 million has been accrued in the Governmental Funds at June 30, 1995.

The Commonwealth self insures for the State Employee Worker Compensation Program. In FY95, consistent with adoption of GASB statement No.10, the Commonwealth has implemented a new Internal Service Fund within the Proprietary Fund Type. All short and long term assets and liabilities were shifted to the new Fund. As referred to earlier, the Commonwealth has not appropriated funding for accrued expenses for the State Employees Worker Compensation Program. As a result of this "pay as you go" approach, unfunded liabilities totaling $299.2 million have accumulated. Of this total $28.4 million will eventually be recovered by chargeback to governmental colleges and universities, and $270.8 million will require funding by the state.

In contrast to the internal service operation described above, the Commonwealth, acting through the Executive Office of Transportation and with the approval of the US Department of Transportation, has created a workers compensation insurance program for the Central Artery/Third Harbor Tunnel Project. In this program, annual premiums and investment earnings are accumulated to fund current and future claims and payments. In FY95, again related to GASB statement No.10, the Commonwealth has implemented this as a new Internal Service Fund within the Proprietary Fund Type. The assets on deposit are $162.4 million offset by estimate liabilities of $65 million resulting in a positive fund balance of $97.4 million. In future years as the project matures premiums and other aspects of the Fund will be modified based on claims experience resulting in a closer match between the assets held by the insurance carrier and the estimated liabilities.

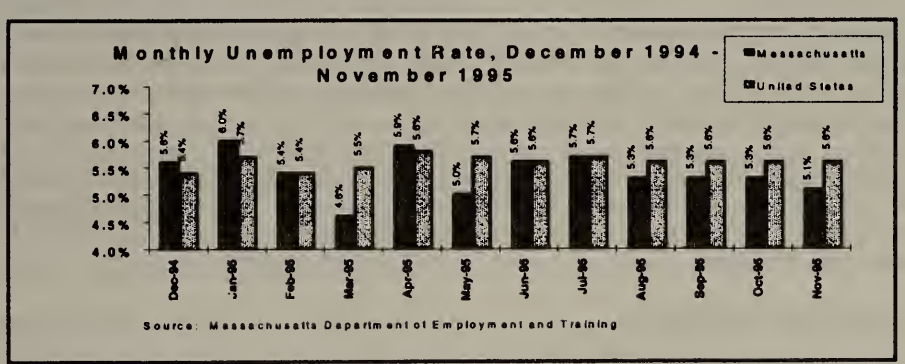
The Group Insurance Commission manages the health insurance program for state employees, retirees and their beneficiaries. Again related to GASB No.10, another Internal Service Fund within the Propriety Fund Type has been established. The accumulated unfunded liability of $48.5 million was shifted to the new fund.

ECONOMIC AND FINANCIAL PROSPECTS

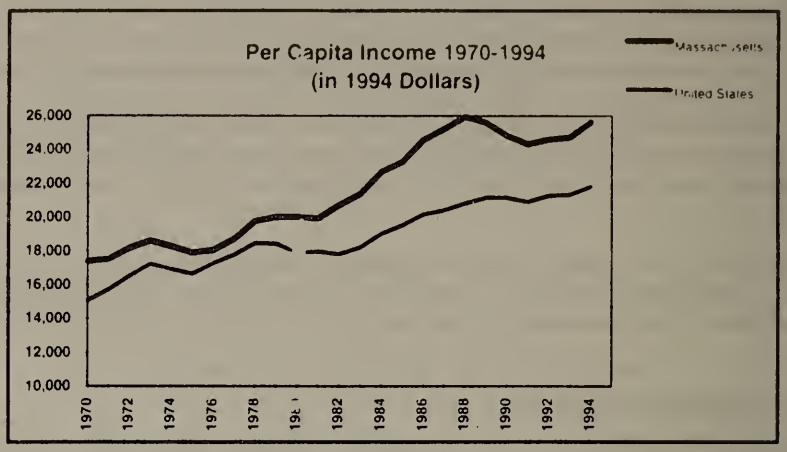
The Commonwealth of Massachusetts, with an international reputation for medical, cultural, historical and educational institutions, is the economic and educational hub of New England. The Commonwealth's economy remains diversified but it's strongest component is its knowledge-based technology and service industries.

Massachusetts' infrastructure provides strong support for this knowledge-based economy. There are over 120 colleges and universities located in Massachusetts, and 27.2% of the residents over age 25 having earned bachelors degrees, compared to 20.3% for the United States as a whole. Our capital, Boston has 25 hospitals and 3 medical schools. Tourism is a significant component of the economy. The Massachusetts Office of Travel and Tourism estimates that over 25 million visitors spent over $8.7 billion in the Commonwealth in 1994. The Commonwealth ranked thirteenth among states in exports with $13.1 billion in 1994.

Massachusetts employment grew 1.6% in 1993 and 2.2% in 1994. The Massachusetts unemployment rate, currently at 5.1%, remains below the national rate of 5.6%.



Commonwealth per capita income continues to outpace the nation as shown below.



A continued low rate of inflation is expected to keep wage growth low and allow for slow-paced positive growth in the Massachusetts economy.

The Commonwealth's current FY96 budget forecast is consistent with the economic trends presented above. Budgeted revenues and other sources, as estimated by the Executive Office for Administration and Finance, are currently projected at approximately $16.76 billion. The estimate assumes tax revenues to be approximately $11.6 billion, or 4.0% above FY95.

The Commonwealth total budgeted expenditures and other uses in FY96 are projected at $16.94 billion. This estimate assumes the spending in the Commonwealth's seven major programs (Local Aid, Medicaid, Employee Health Insurance, Public Assistance, Debt Service, Pensions and Subsidies to Transit Authorities), which comprise over 66% of budgetary spending, will increase by 3.7% over FY95.

The FY96 opening fund balance on a statutory basis is $726.0 million. If the FY96 forecast is realized, the ending fund balance will be approximately $550.0 million. It is noteworthy that, of the $550.0 million, $446.4 million is projected to be reserved in the Commonwealth's Stabilization Fund. In this forecast, the Commonwealth has continued a conservative approach. As in past years, ending fund balances may be higher due to this conservative approach to forecasting.

The Administration is currently engaged in an extensive mid-year review of this estimate. Also the Governor has proposed a reorganization of the Executive Branch of State Government. The Governor will release his recommended budget for FY97 and the details of the proposed reorganization in late January, at which time the FY96 forecast may be revised.

SIGNIFICANT ACCOMPLISHMENTS

In FY95, there were a number of significant public policy accomplishments and, on a more operational level, improvements that demonstrate accountability and financial management.

- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1994. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the fifth consecutive year that the Commonwealth has received this award.

- A number of changes in state finance law and automation of budgetary practices were accomplished. Additional attention and disclosure pertaining to revenue is now evident in the budget formulation process. A detailed disclosure of revenue estimates is now institutionalized in the annual General Appropriation Act.

- An ongoing effort to improve the financial accounting and reporting of the non-appropriated funds of public institutions of higher education was successful. Each institutio.. now reports these funds on MMARS, the computerized state accounting system. Additionally, the University of Massachusetts, Massasoit Community College, Holyoke Community College, Bridgewater State College and Massachusetts College of Art are commended for producing stand-alone, audited financial statements in conformity with GAAP.

- A large number of projects to enhance or re-engineer business processes with new technology have been performed. Such projects relate to an array of Commonwealth activities, including automation of welfare eligibility determination, management of cases in the legal system, creating a new statewide client server infrastructure, and significant changes to the Commonwealth's administrative and fiscal systems.

  Examples of projects from the domain of financial accounting include: major streamlining of the Commonwealth's cash deposit and non-tax revenue systems; automation of the previously manual functions to exchange cash with the federal government; re-engineering the Commonwealth disbursement practices to the model of electronic commerce, including electronic data interchange, electronic funds transfer, and electronic benefits transfer; implementation of a labor distribution function for cost accounting and control; and creating a data warehouse to make the wealth of data emanating from transaction processing systems accessible and available to knowledge workers via query systems controlled by desktop computers.

  A coalition of several departments under the authority of the Governor and across the branches of government are collaborating in joint ventures to leverage resources in these projects. This approach is yielding significant results both in terms of shared functionality and interoperable systems, and increased purchasing power through joint procurements. Exciting partnerships with internal Commonwealth departments and private sector business partners have developed. Recently one of these projects, the Information Warehouse, received national recognition with the "Best Information Warehouse in the United States" Award.

RECOMMENDATIONS AND CONCLUSIONS

The Office of the Comptroller has a unique perspective on state finance based on insights gained through control of day-to-day operations and experience with GAAP. With this background, we take this opportunity to make proposals intended to strengthen state finance.

- The Commonwealth should enact a program to fund the liability for the State Employee Workers Compensation Program as it is incurred and amortize the accumulated unfunded liability of 299.2 million. This amount did not materialize in a single year and a multi-year funding schedule is recommended. Options to furnish the necessary funding include a "surcharge" to the current statutory chargeback to state agencies, special lump sum appropriations, a redirection of investment earnings, and other actions. Accumulating assets to satisfy the current unfunded liability will be another demonstration of the interperiod equity and sound financial management.

- Regarding financial management, the Office of the Comptroller believes that continued Executive and Legislative attention should be directed to the budgeting and management of non-tax revenues. The Commonwealth should create sophisticated budgeting practices for non-tax revenue, and institutionalize practices for revenue planning, monitoring, and reporting. Current efforts and investments to modernize systems, policies and procedures should be continued. In FY95 the Commonwealth authorized certain incentives for revenue management and a program to optimize tax and non tax revenues. This approach should be continued and expanded.

- Consistent with the prior recommendations, the Office of the Comptroller believes the Commonwealth's current fund structure should be streamlined. The proliferation of budgeted Special Revenue Funds has fractured, not strengthened, the budget process. As special interest groups have enjoyed political success in carving out dedicated revenues and removing operations from the general budget, the capacity for centralized planning and control has diminished. The numerous non-budgeted Special Revenue Funds and Capital Projects Funds further complicate efforts to obtain a comprehensive view of state finance.

  Legislation should be enacted to simplify the fund structure, reduce the number of funds to a more manageable number and eliminate all fund deficits. The current practices of "fund splitting" appropriations and interfund transfers should be eliminated.

  The definition of a balanced budget, and the terms and conditions for deposits into the Stabilization Fund should be simplified. This would result in a more coherent and understandable picture of the Commonwealth's Governmental Funds financial activity.

- The Commonwealth has a tremendous opportunity to employ new technologies to improve its programmatic, financial, and administrative operations. In FY93 the Governor proposed and the Legislature enacted the Information Technology Capital Outlay Appropriation Act. With this funding the opportunity exists to re-engineer old business practices and engage new client service technology. An unprecedented interdepartmental coalition under the leadership of the Commonwealth's Chief Information Technology Officer creates an exciting opportunity to make strategic investments that will position the Commonwealth successfully into the next century. In FY95, the Governor has proposed a second Information Technology Capital Outlay which is currently under consideration by the Legislature. Enactment of "Information Technology Bond II" is strongly recommended.

In conclusion, this report represents the continued commitment of the Office of the Comptroller to promote quality in the Commonwealth's financial management. I express my sincere appreciation to the dedicated professionals in the Comptroller's Office, especially Martin Benison, BJ Trivedi, and the staff of the Financial Reporting Bureau and other state departments and organizations whose efforts are reflected in this report.

In addition, the work of the several project teams to implement the Information Technology projects mentioned above is especially noteworthy. You are launched on projects that will create enduring value not only to Massachusetts, but to other states and governments throughout the nation. You exemplify the cutting edge of innovation and the citizens of the Commonwealth are well served by professionals of your caliber.

The Office of the Comptroller transmits the Comprehensive Annual Financial Report for FY95 in accordance with Section 12 of Chapter 7A of the General Laws.

Respectfully transmitted,

William Kilmartin

William Kilmartin
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1994

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Commonwealth of Massachusetts

Comprehensive Annual Financial Report

Financial Section

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Independent Auditors' Report

Mr. William Kilmartin, Comptroller
The Commonwealth of Massachusetts

We have audited the accompanying general purpose financial statements of the Commonwealth of Massachusetts as of June 30, 1995, and for the year then ended. These general purpose financial statements are the responsibility of the management of the Commonwealth of Massachusetts. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the University of Massachusetts, Bridgewater State College, Massachusetts College of Art, Holyoke Community College, Massasoit Community College, and the State College Building Authority, which statements reflect 78 percent of the total assets and 77 percent of the revenues of the University and College Fund Type. We did not audit the financial statements of the Pension Reserves Investment Trust and Massachusetts State Teachers and Employees Retirement Systems Trust which are the investment vehicles of the Commonwealth of Massachusetts' Pension Trust Funds, the financial statements which reflect 70 percent of the total assets and 50 percent of the revenues of the Fiduciary Fund Type. Except for the Massachusetts Convention Center Authority and Massachusetts Water Pollution Abatement Trust, which represents 18 and 3 percent of assets and revenues, respectively, we did not audit the financial statements of the entities which comprise the Component Units Column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University and College Fund Type, Fiduciary Fund Type and the discretely presented Component Units referred to above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of the other auditors, such general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Massachusetts as of June 30, 1995, and the results of its operations and cash flows of its Internal Service Funds, Nonexpendable Trust Fund and discretely presented Component Units for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 15 to the financial statements, the Commonwealth adopted Governmental Accounting Standards Board (GASB) Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" and GASB Statement No. 21, "Accounting for Escheat Property."

Deloitte Touche Tohmatsu International

As discussed in Note 1 to the financial statements, the Fiduciary Fund Type includes investments representing 5 percent of the assets of the Fiduciary Fund Types, whose values have been estimated by management in the absence of readily ascertainable market values. The procedures used by management in arriving at the estimated value of such investments and the underlying documentation have been reviewed and inspected by the other auditors' and, in the circumstances, the other auditors' reports state their belief, that the procedures of management are reasonable and the documentation appropriate. However, determination of the value of these investments involves subjective judgment because the actual market value can be determined only by negotiation between the parties in a sales transaction. The estimated values of the investments may differ from the values that would have been used had a ready market existed for the investments.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements, schedules and required supplementary information, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Massachusetts. These financial statements, schedules and supplementary information are the responsibility of the management of the Commonwealth of Massachusetts. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, based on our audit and the reports of other auditors, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, accordingly, we express no opinion on such data.

Deloitte & Touche LLP

December 22, 1995

General Purpose Financial Statements

COMMONWEALTH OF MASSACHUSETTS
COMBINED BALANCE SHEET ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 1995
(Amounts in thousands)

	Primary			
	Governmental Fund Types			Proprietary Fund Types
	General	Special Revenue	Capital Projects	Internal Service
ASSETS AND OTHER DEBITS				
Cash and short-term investments	$ 158,495	$ 680,427	$ 0	$ 0
Cash with fiscal agent	714	15,722		
Deposits				
Investments				
Restricted investments				162,391
Investments of deferred compensation plan				
Annuity contracts				
Assets held in trust				18,620
Receivables, net of allowance for uncollectibles:				
Taxes	672,993	478,497		
Due from federal government	494,433	149,944	121,584	
Loans				
Other receivables	187,624	104,271	871	
Due from cities and towns	215,242	626		
Due from primary government				
Due from other funds	246,202		22,975	28,367
Inventory				
Fixed assets				
Other assets				
Amounts available for retirement of general long-term obligations				
Amounts to be provided for retirement of general long-term obligations				
Total assets and other debits	$ 1,975,703	$ 1,429,487	$ 145,430	$ 209,378
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	$ 1,012,372	$ 285,755	$ 291,873	$ 0
Accrued payroll	34,260	9,094	1,271	
Compensated absences	92,587	56,213	4,047	
Tax refunds and abatements payable	342,310	227,767		
Due to cities and towns				
Due to other funds		14,468	245,437	
Due to component units	81,835	278,384	6,558	
Due to federal government	32,778	373	233	
Deferred revenue	100,414	83,637	596	
Prizes payable				
Deferred compensation benefits payable				
Agency liabilities				
Claims and judgments	64,400			432,797
Deposits and unearned revenue				
Other accrued liabilities		60,195		
Capital leases				
Bonds, notes payable and certificates of participation	240,000			
School construction grants				
Unfunded pension costs				
Total liabilities	2,000,956	1,015,886	550,015	432,797
Fund equity and other credits:				
Investment in general fixed assets				
Contributed capital				
Retained earnings:				
Reserved for investment programs				
Reserved for bond retirement				
Reserved for central artery workers compensation				97,391
Unreserved				(320,810)
Fund balances (deficit):				
Reserved for pension benefits				
Reserved for unemployment benefits				
Reserved for claims and judgments				
Restricted				
Unexpended plant funds				
Renewals and replacements				
Retirement of indebtedness		15,722		
Net investment in plant				
Reserved for nonexpendable trusts				
Unreserved and undesignated	(25,253)	397,879	(404,585)	
Total fund equity (deficit) and other credits	(25,253)	413,601	(404,585)	(223,419)
Total liabilities, fund equity and other credits	$ 1,975,703	$ 1,429,487	$ 145,430	$ 209,378

See notes to general purpose financial statements.

Government						Component Units
Fiduciary Fund Types	University and College Fund Type	Account Groups		Totals (Memorandum Only)		
Trust and Agency	University and Colleges	General Fixed Assets	General Long-term Obligations	1995	1994	Component Units
$ 1,633,378	$ 131,323	$ 0	$ 0	$ 2,603,623	$ 2,897,736	$ 352,962
	72,764			89,200	60,382	
385,605				385,605	33,001	
13,506,730	270,834			13,777,564	11,868,503	262,454
				162,391	83,319	29,433
1,215,348				1,215,348	945,401	
1,097,652				1,097,652	1,045,084	
1,672,864				1,691,484	1,550,917	1,003
311,957				1,463,447	1,364,939	
2,261	9,024			777,246	890,626	64,439
7,794	47,537			55,331	51,891	678,396
267,825	116,048			676,639	724,770	47,782
				215,868	214,508	422
						366,777
	34,401			331,945	211,447	
	15,038			15,038	13,572	38,856
	2,078,430	3,202,528		5,280,958	5,124,757	5,162,778
	24,069			24,069	9,921	119,797
					87,647	
			14,885,385	14,885,385	14,558,611	
$ 20,101,414	$ 2,799,468	$ 3,202,528	$ 14,885,385	$ 44,748,793	$ 41,737,032	$ 7,125,099
$ 244,115	$ 55,365	$ 0	$ 0	$ 1,889,480	$ 2,463,364	$ 66,993
220	53,510			98,355	137,355	41,610
225	85,037		91,311	329,420	320,264	713
6,391				576,468	561,276	
14,292				14,292	11,937	851
2,830	69,210			331,945	211,447	
				366,777	445,171	
				33,384	32,880	2,507
30,958	7,535			223,140	203,034	46,472
1,097,652				1,097,652	1,045,084	
1,215,348				1,215,348	945,401	
3,201,561				3,201,561	3,017,475	1,003
	40,815		62,346	600,358	668,109	2,215
	10,515			10,515	6,997	
18,379	71,625			150,199	149,915	271,677
	19,422		52,257	71,679	70,512	193
	295,250		9,628,466	10,163,716	9,977,740	3,511,769
			2,616,029	2,616,029	2,070,709	
			2,434,976	2,434,976	2,579,432	
5,831,971	708,284		14,885,385	25,425,294	24,918,102	3,946,003
		3,202,528		3,202,528	3,066,682	
						3,250,396
						62,792
						58
				97,391		
				(320,810)		(134,150)
13,483,238				13,483,238	11,563,156	
649,115				649,115	296,676	
					83,319	
	104,300			104,300	102,153	
	25,120			25,120	25,779	
	25,298			25,298	15,677	
	16,915			32,637	25,856	
	1,803,550			1,803,550	1,779,441	
5,837				5,837	5,840	
131,253	116,001			215,295	(145,649)	
14,269,443	2,091,184	3,202,528		19,323,499	16,818,930	3,179,096
20,101,414	$ 2,799,468	$ 3,202,528	$ 14,885,385	$ 44,748,793	$ 41,737,032	$ 7,125,099

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Primary		
	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Revenues:			
Taxes	$ 6,923,009	$ 4,338,977	$ 0
Assessments	202,831	369,577	
Federal grants and reimbursements	2,841,932	1,246,316	950,287
Departmental	586,838	3,686,918	
Miscellaneous	101,154	44,561	76
Total revenues	10,6[illegible],764	9,686,349	950,363
Other financing sources:			
Proceeds of general obligation bonds			809,862
Proceeds of refunding bonds			513,622
Proceeds of capital leases	17,869		
Operating transfers in	407,861	965,211	160,442
Other			49,062
Total other financing sources	425,730	965,211	1,532,988
Total revenues and other financing sources	11,081,494	10,651,560	2,483,351
Expenditures:			
Current:			
Legislature	46,550		
Judiciary	35,550	320,120	
Inspector General	1,434	209	
Governor and Lieutenant Governor	4,747		
Secretary of the Commonwealth	9,479	4,400	
Treasurer and Receiver-General	91,589	2,261,757	
Auditor of the Commonwealth	10,453	754	
Attorney General	19,339	3,036	
Ethics Commission	540	550	
District Attorney		51,030	
Office of Campaign and Political Finance	319	372	
Disabled Persons Protection Commission	1,330		
Board of Library Commissioners		4,752	
Comptroller	6,121	15	
Administration and finance	712,896	162,635	
Environmental affairs	23,594	150,666	
Communities and development	99,656	240,578	
Health and human services	3,426,485	1,064,041	
Transportation and construction	17,114	94,417	
Education	527	486,359	
Educational affairs	2,058	4,374	
Higher education	70,697	4,087	
Public safety	337,628	394,545	
Economic affairs	12,524	186,932	
Elder affairs	126,483	34,960	
Consumer affairs	28,421	6,015	
Labor	21,102	2,646	
Medicaid	3,212,620	39,600	
Pension	247,140	642,165	
Direct local aid		2,976,239	
Capital outlay:			
Local aid			94,301
Capital acquisition and construction			1,697,781
Debt service:			
Principal retirement	543,957	151,384	
Interest and fiscal charges	338,478	199,885	
Total expenditures	9,448,831	9,488,523	1,792,082
Other financing uses:			
Payments to refunded bond escrow agent			513,622
Operating transfers out	7,518	1,205,220	179,677
Transfers of appropriations	650,151	2,175	
Transfers of bond proceeds			22,938
Transfers to component units	155,002	499,719	9,049
Total other financing uses	812,671	1,707,114	725,286
Total expenditures and other financing uses	10,261,502	11,195,637	2,517,368
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	819,992	(544,077)	(34,017)
Fund balance (deficits) at beginning of year	(923,682)	940,961	(290,963)
Equity transfer	78,437	16,717	(79,605)
Fund balance (deficits) at end of year	$ (25,253)	$ 413,601	$ (404,585)

See notes to general purpose financial statements.

Government				
Fiduciary Fund Type	Totals (Memorandum Only)			
Expendable Trust	1995		1994	
$ 1,146,922	$ 12,408,908		$ 11,736,910	
2,354	574,762		545,716	
29,328	5,067,863		5,366,660	
5,693	4,279,449		3,748,062	
150,791	296,582		314,931	
1,335,088	**22,627,564**		**21,712,279**	
	809,862		690,206	
	513,622		835,796	
	17,869		33,550	
5,745	1,539,259		1,372,691	
1,503	50,565		35,509	
7,248	**2,931,177**		**2,967,752**	
1,342,336	**25,558,741**		**24,680,031**	
	46,550		43,096	
295	355,965		342,170	
	1,643		1,394	
	4,747		4,330	
118	13,997		11,683	
2,532	2,355,878		2,052,420	
451	11,658		11,153	
808	23,183		39,291	
	1,090		1,075	
2,925	53,955		50,948	
254	945		636	
	1,330		1,514	
1	4,753		5,411	
	6,136		6,369	
2,582	878,113		864,744	
5,042	179,302		173,998	
2,674	342,908		358,178	
16,721	4,507,247		4,345,773	
626	112,157		120,981	
1,423	488,309		459,175	
	6,432		3,111	
159	74,943		67,379	
3,165	735,338		699,152	
831,432	1,030,888		1,295,671	
59	161,502		155,486	
6,667	41,103		35,885	
33,073	56,821		51,355	
	3,252,220		3,216,127	
	889,305		830,192	
	2,976,239		2,727,313	
	94,301		100,105	
	1,697,781		1,463,602	
	695,341		631,294	
	538,363		519,865	
911,007	**21,640,443**		**20,690,876**	
	513,622		835,796	
73,128	1,465,543		1,303,847	
	652,326		[illegible],911	
	22,938		15,324	
	663,770		701,399	
73,128	**3,318,199**		**3,491,27[illegible]**	
984,135	**24,958,642**		**24,182,153**	
358,201	**600,099**		**497,878**	
422,000	**148,316**		**(349,562)**	
167	15,716			
$ 780,368	$ 764,131		$ 148,316	

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - STATUTORY BASIS - BUDGET AND ACTUAL - GENERAL AND BUDGETED SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 6,591,100	$ 6,603,842	$ 12,742
Assessments		200,992	200,992
Federal grants and reimbursements	2,936,700	2,961,719	25,019
Departmental	716,000	651,662	(64,338)
Miscellaneous		94,051	94,051
Total revenues	10,243,800	10,512,266	268,466
Other financing sources:			
Fringe benefit cost recovery		204,084	204,084
Operating transfers in	252,700	368,884	116,184
Stabilization transfer			
Total other financing sources	252,700	572,968	320,268
Total revenues and other financing sources	10,496,500	11,085,234	588,734
Expenditures:			
Legislature	65,585	46,522	19,063
Judiciary	35,551	35,213	338
Inspector General	1,448	1,397	51
Governor and Lieutenant Governor	5,446	4,753	693
Secretary of the Commonwealth	9,364	9,178	186
Treasurer and Receiver-General	94,784	93,755	1,029
Auditor of the Commonwealth	10,808	10,805	3
Attorney General	20,330	20,232	98
Ethics Commission	541	541	
District Attorney	100	82	18
Office of Campaign and Political Finance	321	321	
Disabled Persons Protection Committee	1,335	1,330	5
Board of Library Commissioners			
Comptroller	5,582	5,573	9
Administration and finance	816,657	732,996	83,661
Environmental affairs	22,851	21,978	873
Communities and development	117,821	108,750	9,071
Health and human services	3,524,047	3,422,484	101,563
Transportation and construction	536,189	528,375	7,814
Education	101	98	3
Educational affairs	2,115	2,068	47
Higher education	705,250	700,915	4,335
Public safety	325,975	324,013	1,962
Economic affairs	18,612	17,274	1,338
Elder affairs	129,358	126,370	2,988
Consumer affairs	29,676	28,265	1,411
Labor	23,452	22,123	1,329
Medicaid	3,375,649	3,358,620	17,029
Pension	339,289	326,630	12,659
Direct local aid			
Debt service:			
Principal retirement	335,700	323,127	12,573
Interest and fiscal charges	319,303	288,006	31,297
Total expenditures	10,873,240	10,561,794	311,446
Other financing uses:			
Fringe benefit cost assessment			
Operating transfers out	37,350	44,030	(6,680)
Stabilization transfer		16,758	(16,758)
Total other financing uses	37,350	60,788	(23,438)
Total expenditures and other financing uses	10,910,590	10,622,582	288,008
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(414,090)	462,652	876,742
Fund balances (deficits) at beginning of year	(631,903)	(631,903)	
Fund balances (deficits) at end of year	$ (1,045,993)	$ (169,251)	$ 876,742

See notes to general purpose financial statements.

Budgeted Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 4,710,000	$ 4,559,526	$ (150,474)	$ 11,301,100	$ 11,163,368	$ (137,732)
	28,101	28,101		229,093	229,093
12,400	8,003	(4,397)	2,949,100	2,969,722	20,622
456,903	475,171	18,268	1,172,903	1,126,833	(46,070)
	54,973	54,973		149,024	149,024
5,179,303	5,125,774	(53,529)	15,423,103	15,638,040	214,937
	2,851	2,851		206,935	206,935
629,500	689,053	59,553	882,200	1,057,937	175,737
	27,930	27,930		27,930	27,930
629,500	719,834	90,334	882,200	1,292,802	410,602
5,808,803	5,845,608	36,805	16,305,303	16,930,842	625,539
			65,585	46,522	19,063
319,298	316,227	3,071	354,849	351,440	3,409
			1,448	1,397	51
			5,446	4,753	693
3,881	3,797	84	13,245	12,975	270
7,113	6,316	797	101,897	100,071	1,826
754	754		11,562	11,559	3
927	915	12	21,257	21,147	110
551	551		1,092	1,092	
50,043	49,582	461	50,143	49,664	479
328	327	1	649	648	1
			1,335	1,330	5
2,339	2,335	4	2,339	2,335	4
525	525		6,107	6,098	9
199,395	183,666	15,729	1,016,052	916,662	99,390
140,970	132,307	8,663	163,821	154,285	9,536
28,068	26,844	1,224	145,889	135,594	10,295
134,872	118,855	16,017	3,658,919	3,541,339	117,580
240,133	226,918	13,215	776,322	755,293	21,029
125,560	121,679	3,881	125,661	121,777	3,884
3,510	3,391	119	5,625	5,459	166
2,536	2,386	150	707,786	703,301	4,485
382,094	377,065	5,029	708,069	701,078	6,991
16,012	14,095	1,917	34,624	31,369	3,255
9,369	9,343	26	138,727	135,713	3,014
5,218	4,476	742	34,894	32,741	2,153
			23,452	22,123	1,329
39,600	39,600		3,415,249	3,398,220	17,029
665,159	642,162	22,997	1,004,448	968,792	35,656
2,985,744	2,976,240	9,504	2,985,744	2,976,240	9,504
379,374	370,390	8,984	715,074	693,517	21,557
254,464	249,505	4,959	573,767	537,511	36,256
5,997,837	5,880,251	117,586	16,871,077	16,442,045	429,032
	54,769	(54,769)		54,769	(54,769)
220,927	225,380	(4,453)	258,277	269,410	(11,133)
	11,172	(11,172)		27,930	(27,930)
220,927	291,321	(70,394)	258,27	352,109	(93,832)
6,218,764	6,171,572	47,192	17,129,354	16,794,154	335,200
(409,961)	(325,964)	83,997	(824,051)	136,688	960,739
1,221,237	1,221,237		589,334	589,334	
$ 811,276	$ 895,273	$ 83,997	$ (234,717)	$ 726,022	$ 960,739

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - INTERNAL SERVICE FUNDS,
NONEXPENDABLE AND PENSION TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Primary		
	Proprietary Fund Types	Fiduciary Fund Types	
	Internal Service Fund	Nonexpendable Trust Funds	Pension Trust Funds
Operating revenues:			
Commonwealth contributions	$ 0	$ 0	$ 784,740
Employee contributions			401,492
Investment income			1,715,844
Charges for services			
Donations			
Premiums	756,841		
Total operating revenues	**756,841**		**2,902,076**
Operating expenses:			
Claims and judgments expense	628,909		
Cost of services and administration			2,824
Retirement benefits and refunds			979,170
Depreciation			
Total operating expenses	**628,909**		**981,994**
Operating income (loss)	**127,932**		**1,920,082**
Nonoperating revenues (expenses):			
Operating grants			
Interest income	5,985		
Interest expense			
Other income			
Other expenses			
Nonoperating revenues (expenses), net	**5,985**		
Income (loss) before operating transfers	**133,917**		**1,920,082**
Transfers:			
Transfers in from primary government			
Operating transfers out		(3)	
Total transfers		(3)	
Net income (loss)	**133,917**	(3)	**1,920,082**
Add: Depreciation of fixed assets acquired from contributed capital			
Increase (decrease) in retained earnings/fund balances	**133,917**	(3)	**1,920,082**
Retained earnings/fund balances at beginning of year	**0**	5,840	11,563,156
Equity transfer	(15,716)		
Balance from general long-term obligations account group	(341,620)		
Retained earnings/fund balances at end of year	$ (223,419)	$ 5,837	$ 13,483,238
Contributed capital at beginning of year			
Add: Capital contributions			
Less: Depreciation of fixed assets acquired from contributed capital			
Contributed capital at end of year			

See notes to the general purpose financial statements.

Government Totals (Memorandum Only)		Component Units
1995	1994	Component Units
$ 784,740	$ 743,880	$ 0
401,492	386,988	
1,715,844	245,446	
		265,955
		895
756,841		2,419
3,658,917	**1,376,314**	**269,269**
628,909		
2,824	3,677	782,005
979,170	930,630	
		202,928
1,610,903	**934,307**	**984,933**
2,048,014	**442,007**	**(715,664)**
		74,303
5,985		39,971
		(159,985)
		5,677
		(23,633)
5,985		**(63,667)**
2,053,999	**442,007**	**(779,331)**
		663,770
(3)	**(2)**	
(3)	**(2)**	**663,770**
2,053,996	**442,005**	**(115,561)**
		97,349
2,053,996	**442,005**	**(18,212)**
11,568,996	**11,126,991**	**(53,088)**
(15,716)		
(341,620)		
$ **13,265,656**	$ **11,568,996**	$ **(71,300)**
		$ **3,050,729**
		297,016
		(97,349)
		$ **3,250,396**

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS, NONEXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Primary Government			Component Units
	Proprietary Fund Type	Fiduciary Fund Type		
	Internal Service Fund	Nonexpendable Trust Funds	Total (Memorandum Only)	Component Units
Cash flows from operating activities:				
Operating income (loss)	$ 127,932	$ 0	$ 127,932	$ (715,664)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation				202,928
Other nonoperating revenues				5,677
Other nonoperating expenses				(23,633)
Change in assets and liabilities:				
Assets held in trust	(4,469)		(4,469)	
Due from federal government				41,149
Loans				(141,128)
Other receivables				(5,913)
Due from cities and towns				(46)
Due from primary government				71,940
Due from other funds	3,343		3,343	6,454
Inventory				562
Restricted and other assets				19,281
Accounts payable				(22,264)
Accrued payroll				(1,134)
Compensated absences				417
Deferred revenue				(9,479)
Claims and judgments, net	29,600		29,600	991
Other accrued liabilities				76,660
Due to cities and towns				376
Due to federal government				1,462
Total adjustments	**28,474**		**28,474**	**224,300**
Net cash provided by (used for) operating activities	**156,406**		**156,406**	**(491,364)**
Cash flows from noncapital financing activities:				
Operating grants				74,303
Operating transfers		(3)	(3)	663,770
Net cash provided by (used for) noncapital financing activities		**(3)**	**(3)**	**738,073**
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets				(541,385)
Proceeds from the issuance of bonds and notes				855,222
Interest on bonds and notes				(159,985)
Capital contributions				297,016
Principal payments on bonds and notes				(598,739)
Proceeds from sale of equipment				122
Net cash provided by (used for) capital and related financing activities				**(147,749)**
Cash flows from investing activities:				
Purchases of investments				(1,543,940)
Purchases of restricted investments	(162,391)		(162,391)	
Sales and maturities of investments				1,485,263
Interest income	5,985		5,985	39,971
Net cash provided by (used for) investing activities	**(156,406)**		**(156,406)**	**(18,706)**

	Primary Government			Component Units
	Proprietary Fund Type	Fiduciary Fund Type		
	Internal Service Fund	Nonexpendable Trust Funds	Total (Memorandum Only)	Component Units
Net increase (decrease) in cash and cash equivalents	**0**	**(3)**	**(3)**	**80,254**
Cash and cash equivalents at beginning of year	**0**	**5,840**	**5,840**	**272,708**
Cash and cash equivalents at end of year	**$ 0**	**$ 5,837**	**$ 5,837**	**$ 352,962**
Reconciliation to Combined Balance Sheet:				
Cash and cash equivalents at end of year	$ 0	$ 5,837	$ 5,837	$ 352,962
Cash and cash equivalents at end of year, Pension Trust, Expendable Trust and Agency		1,627,541	1,627,541	
Cash and cash equivalents per the Combined Balance Sheet	**$ 0**	**$ 1,633,378**	**$ 1,633,378**	**$ 352,962**

Noncash investing, capital and noncapital, and financing activities:

Beginning of year liability and equity transfer from the governmental funds and the expendable trust fund.	$ (15,716)
Transfer of beginning of year liability from the general long-term obligation account group.	$ (341,620)

See notes to the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF CHANGES IN FUND BALANCES -
UNIVERSITY AND COLLEGE FUND TYPE
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Current Funds	
	Unrestricted	Restricted
Revenues and other additions:		
Unrestricted current funds revenues	$ 1,170,505	$ 0
Federal appropriations		6,749
Federal grants and contracts		185,746
State grants and contracts		13,794
Local grants and contracts		3,941
Private gifts, grants and contracts		51,714
Investment income		52
Endowment income		540
Net realized gain on investments		
Interest on loans receivable		
Reimbursed loan cancellations		
Other income		395
Expended for plant facilities		
Retirement of indebtedness		
Other additions		533
Total revenue and other additions	**1,170,505**	**263,464**
Expenditures and other deductions:		
Educational and general expenditures	1,140,678	284,541
Auxiliary enterprises expenditures	165,251	
Indirect costs recovered		32,372
Clinical services costs	336,518	
Refunded to grantors and donors		227
Loan cancellations and write-offs		
Administrative and collection costs		
Retirement of indebtedness		
Interest on indebtedness		
Expended for plant facilities		
Depreciation and amortization		
Disposal of plant facilities		
Other deductions		
Total expenditures and other deductions	**1,642,447**	**317,140**
Mandatory transfers:		
Principal and interest	(27,108)	
Renewals and replacements	(439)	
Student loan fund matching	(50)	(86)
Other mandatory transfers	(73,716)	
Nonmandatory transfers:		
Transfers of appropriation	622,948	29,378
Transfers of bond proceeds		22,938
Unexpended plant funds	(6,538)	
Renewals and replacements	(14,011)	
Other nonmandatory transfers	(3,195)	201
Total transfers	**497,891**	**52,431**
Net increase (decrease) for the year	**25,949**	**(1,245)**
Fund balances at the beginning of year	**55,925**	**33,217**
Fund balances at end of year	**$ 81,874**	**$ 31,972**

See notes to general purpose financial statements.

Loan Fund	Endowment and Similar Funds	Plant Funds	Totals 1995	Totals 1994
$ 0	$ 0	$ 0	$ 1,170,505	$ 1,083,311
			6,749	7,754
2,408		329	188,483	178,083
146		15,159	29,099	36,907
			3,941	2,278
9	1,106	2,971	55,800	66,988
	62	3,112	3,226	2,644
	185		725	612
	614		614	2,754
885			885	814
13			13	1,348
178		1,364	1,937	962
		49,860	49,860	50,042
		13,954	13,954	13,330
7		10,406	10,946	1,664
3,646	**1,967**	**97,155**	**1,536,737**	**1,449,491**
			1,425,219	1,382,193
			165,251	171,118
			32,372	32,055
			336,518	336,406
			227	313
300			300	700
1,250	415	2,484	4,149	4,815
		18,547	18,547	23,171
		17,802	17,802	11,609
		24,742	24,742	13,330
		12,198	12,198	20,003
		23,443	23,443	10,140
		21,269	21,269	556
1,550	**415**	**120,485**	**2,082,037**	**2,006,409**
		27,108		
		439		
136				
			(73,716)	(68,842)
			652,326	634,911
			22,938	15,324
		6,538		
		14,011		
(69)	(629)	3,692		
67	**(629)**	**51,788**	**601,548**	**581,393**
2,163	**923**	**28,458**	**56,248**	**24,475**
48,683	**54,686**	**1,842,425**	**2,034,936**	**2,010,461**
$ **50,846**	$ **55,609**	$ **1,870,883**	$ **2,091,184**	$ **2,034,936**

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES - UNIVERSITY AND COLLEGE FUND TYPE
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Current Funds		Totals	
	Unrestricted	Restricted	1995	1994
Revenues and other additions:				
Tuition and fees	$ 530,240	$ 0	$ 530,240	$ 489,110
Federal appropriations		6,521	6,521	7,411
Federal grants and contracts		164,906	164,906	138,967
State grants and contracts		11,624	11,624	20,604
Local grants and contracts	48	3,392	3,440	2,011
Private gifts, grants and contracts	3,082	44,377	47,459	54,225
Endowment income	350	882	1,232	822
Sales and service, educational	12,261		12,261	9,351
Sales and service, auxiliary enterprises	194,495		194,495	176,536
Sales and service, clinical services	357,994		357,994	340,495
Recovery of indirect costs	32,372		32,372	32,055
Other investment income	21,650	23	21,673	14,493
Other	18,013	501	18,514	17,709
Total current funds revenues	**1,170,505**	**232,226**	**1,402,731**	**1,303,789**
Expenditures:				
Instruction	503,005	33,993	536,998	569,330
Research	43,463	86,131	129,594	122,453
Public service	13,968	33,523	47,491	68,667
Academic support	111,444	39,089	150,533	121,559
Student services	106,626	6,204	112,830	76,926
Institutional support	188,768	4,485	193,253	169,852
Operation and maintenance of plant	130,141	3,118	133,259	137,774
Scholarships and fellowships	43,263	77,998	121,261	115,632
Auxiliary enterprises	165,251		165,251	171,118
Clinical services costs	336,518		336,518	336,406
Total current funds expenditures	**1,642,447**	**284,541**	**1,926,988**	**1,889,717**
Transfers and other changes:				
Mandatory transfers:				
Principal and interest	(27,108)		(27,108)	(27,505)
Renewals and replacements	(439)		(439)	(517)
Student loan fund matching	(50)	(86)	(136)	(115)
Other	(73,716)		(73,716)	(68,822)
Transfers of appropriation	622,948	29,378	652,326	634,621
Transfers of bond proceeds		22,938	22,938	14,723
Unexpended plant funds	(6,538)		(6,538)	(11,324)
Renewals and replacements	(14,011)		(14,011)	(14,499)
Other nonmandatory transfers	(3,195)	201	(2,994)	(17,588)
Refunds to grantors and donors		(227)	(227)	(313)
Excess (deficiency) of restricted receipts over transfers to revenue		(1,134)	(1,134)	21,652
Total transfers and other changes	**497,891**	**51,070**	**548,961**	**530,312**
Total increase (decrease) in fund balances	**$ 25,949**	**$ (1,245)**	**$ 24,704**	**$ (55,616)**

See notes to general purpose financial statements.

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COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET -
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 1995
(Amounts in thousands)

	Massachusetts Bay Transportation Authority	Regional Transit Authorities
ASSETS		
Cash and short-term investments	$ 84,026	$ 14,283
Investments		65
Restricted investments	16,923	
Assets held in trust		
Receivables, net of allowance for uncollectibles:		
Due from federal government	6,600	4,315
Loans		
Other receivables	29,591	5,030
Due from cities and towns		
Due from primary government	289,151	53,338
Inventory	38,585	202
Fixed assets	4,830,095	95,355
Other assets	90,741	14,167
Total assets	**$ 5,385,712**	**$ 186,755**
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	$ 40,116	$ 5,720
Accrued payroll	40,898	125
Compensated absences		527
Due to cities and towns		
Due to federal government		
Deferred revenue	42,694	473
Agency liabilities		
Claims and judgments		2,215
Other accrued liabilities	146,432	3,395
Capital leases		
Bonds, notes payable and certificates of participation	2,774,618	78,282
Total liabilities	**3,044,758**	**90,737**
Fund equity:		
Contributed capital	2,552,988	93,916
Retained earnings (deficits):		
Reserved for investment programs		
Reserved for bond retirement		
Unreserved	(212,034)	2,102
Total fund equity	**2,340,954**	**96,018**
Total liabilities and fund equity	**$ 5,385,712**	**$ 186,755**

See notes to general purpose financial statements.

Water Pollution Abatement Trust	Massachusetts Convention Center Authority	Economic Development Authorities	Totals 1995	Totals 1994
$ 196,453	$ 8,528	$ 49,672	$ 352,962	$ 272,708
192,928		69,461	262,454	173,830
	12,510		29,433	59,380
	1,003		1,003	
33,287		20,237	64,439	105,588
573,860		104,536	678,396	537,268
9,842	417	2,902	47,782	41,869
		422	422	376
6,526	13,517	4,245	366,777	445,171
		69	38,856	39,418
352	215,671	21,305	5,162,778	4,823,218
248	2,265	12,376	119,797	139,078
$ 1,013,496	**$ 253,911**	**$ 285,225**	**$ 7,125,099**	**$ 6,637,904**
$	$ 9,490	$ 11,667	$ 66,993	$ 89,257
		587	41,610	42,744
		186	713	296
		851	851	475
		2,507	2,507	1,045
	297	3,008	46,472	55,351
	1,003		1,003	
			2,215	1,224
95,948	15,905	9,997	271,677	195,172
		193	193	38
444,335	173,042	41,492	3,511,769	3,254,661
540,283	**199,737**	**70,488**	**3,946,003**	**3,640,263**
455,777	56,445	91,270	3,250,396	3,050,729
		62,792	62,792	51,847
		58	58	
17,436	(2,271)	60,617	(134,150)	(104,935)
473,213	**54,174**	**214,737**	**3,179,096**	**2,997,641**
$ 1,013,496	**$ 253,911**	**$ 285,225**	**$ 7,125,099**	**$ 6,637,904**

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS AND CHANGES IN CONTRIBUTED CAPITAL - DISCRETELY PRESENTED COMPONENT UNITS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Massachusetts Bay Transportation Authority	Regional Transit Authorities
Operating revenues:		
Charges for services	$ 207,224	$ 40,031
Donations		
Other		243
Total operating revenues	**207,224**	**40,274**
Operating expenses:		
Cost of services and administration	587,299	99,330
Depreciation	181,692	12,640
Total operating expenses	**768,991**	**111,970**
Operating income (loss)	**(561,767)**	**(71,696)**
Nonoperating revenues (expenses):		
Operating grants	15,216	11,236
Interest income	3,534	953
Other revenues	2,097	299
Interest expense	(122,268)	(2,593)
Other expenses	(19,322)	(261)
Nonoperating revenues (expenses), net	**(120,743)**	**9,634**
Income (loss) before transfers	**(682,510)**	**(62,062)**
Transfers:		
Transfers in from primary government	557,437	50,193
Total transfers	**557,437**	**50,193**
Net income (loss)	**(125,073)**	**(11,869)**
Add: Depreciation of fixed assets acquired from contributed capital	78,818	12,353
Increase (decrease) in retained earnings	**(46,255)**	**484**
Retained earnings (deficits) at beginning of year	**(165,779)**	**1,618**
Retained earnings (deficits) at end of year	**$ (212,034)**	**$ 2,102**
Contributed capital at beginning of year	**$ 2,433,829**	**$ 92,681**
Add: Capital contributions	197,977	13,588
Less: Depreciation of fixed assets acquired from contributed capital	(78,818)	(12,353)
Contributed capital at end of year	**$ 2,552,988**	**$ 93,916**

See notes to general purpose financial statements.

Water Pollution Abatement Trust	Massachusetts Convention Center Authority	Economic Development Authorities	Totals 1995	Totals 1994
$ 0	$ 8,403	$ 10,297	$ 265,955	$ 245,690
		895	895	670
		2,176	2,419	1,989
	8,403	**13,368**	**269,269**	**248,349**
6,098	15,239	74,039	782,005	789,561
229	6,451	1,916	202,928	177,095
6,327	**21,690**	**75,955**	**984,933**	**966,656**
(6,327)	**(13,287)**	**(62,587)**	**(715,664)**	**(718,307)**
2,165		45,686	74,303	59,998
29,583	216	5,685	39,971	29,780
818	131	2,332	5,677	4,786
(19,614)	(10,772)	(4,738)	(159,985)	(144,854)
	(507)	(3,543)	(23,633)	(26,029)
12,952	**(10,932)**	**45,422**	**(63,667)**	**(76,319)**
6,625	**(24,219)**	**(17,165)**	**(779,331)**	**(794,626)**
3,392	20,272	32,476	663,770	701,399
3,392	**20,272**	**32,476**	**663,770**	**701,399**
10,017	**(3,947)**	**15,311**	**(115,561)**	**(93,227)**
224	5,954		97,349	94,534
10,241	**2,007**	**15,311**	**(18,212)**	**1,307**
7,195	**(4,278)**	**108,156**	**(53,088)**	**(54,395)**
$ 17,436	$ (2,271)	$ 123,467	$ (71,300)	$ (53,088)
$ 409,030	$ 44,613	$ 70,576	$ 3,050,729	$ 2,941,413
46,971	17,786	20,694	297,016	203,850
(224)	(5,954)		(97,349)	(94,534)
$ 455,777	$ 56,445	$ 91,270	$ 3,250,396	$ 3,050,729

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF CASH FLOWS -
DISCRETELY PRESENTED COMPONENT UNITS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Massachusetts Bay Transportation Authority	Regional Transit Authorities
Cash flows from operating activities		
Operating income (loss)	$ (561,767)	$ (71,696)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	181,692	12,640
Other nonoperating revenues	2,097	299
Other nonoperating expenses	(19,322)	(261)
Change in assets and liabilities:		
Due from federal government	900	(769)
Loans		
Other receivables	(1,433)	(533)
Due from cities and towns		
Due from primary government	71,869	1,497
Due from other funds		
Inventory	498	100
Restricted and other assets	41,313	(10,907)
Accounts payable	(14,208)	(2,066)
Accrued payroll	(781)	(411)
Compensated absences		527
Deferred revenue	(6,474)	(100)
Claims and judgments		991
Other accrued liabilities	(19,513)	(37)
Due to cities and towns		
Due to federal government		
Total adjustments	236,638	970
Net cash provided by (used for) operating activities	(325,129)	(70,726)
Cash flows from noncapital financing activities:		
Operating grants	15,216	11,236
Transfers in from primary government	557,437	50,193
Net cash provided by (used for) noncapital financing activities	572,653	61,429
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(508,992)	(13,531)
Proceeds from the issuance of bonds and notes	740,815	59,059
Interest on bonds and notes	(122,268)	(2,593)
Capital contributions	197,977	13,588
Principal payments on bonds and notes	(517,596)	(46,494)
Proceeds from sale of equipment		30
Net cash provided by (used for) capital and related financing activities	(210,064)	10,059
Cash flows from investing activities:		
Purchases of investments	(1,277,770)	
Sales and maturities of investments	1,278,638	132
Interest income	3,534	953
Net cash provided by (used for) investing activities	4,402	1,085
Net increase (decrease) in cash and cash equivalents	41,862	1,847
Cash and cash equivalents at beginning of year	42,164	12,436
Cash and cash equivalents at end of year	$ 84,026	$ 14,283

See notes to general purpose financial statements.

Water Pollution Abatement Trust	Massachusetts Convention Center Authority	Economic Development Authorities	Totals 1995	Totals 1994
$ (6,327)	$ (13,287)	$ (62,587)	$ (715,664)	$ (718,307)
229	6,451	1,916	202,928	177,095
818	131	2,332	5,677	4,786
	(507)	(3,543)	(23,633)	(26,029)
49,255		(8,237)	41,149	52,595
(111,057)		(30,071)	(141,128)	(225,277)
(2,141)	(80)	(1,726)	(5,913)	(13,846)
		(46)	(46)	(55)
		(1,426)	71,940	(12,104)
9,851	(3,397)		6,454	
		(36)	562	1,075
188	377	(11,690)	19,281	(15,853)
	(11,373)	5,383	(22,264)	30,270
		58	(1,134)	9,365
		(110)	417	92
	(127)	(2,778)	(9,479)	9,858
			991	3
88,961	3,581	3,668	76,660	14,210
		376	376	(80)
		1,462	1,462	
36,104	**(4,944)**	**(44,468)**	**224,300**	**6,105**
29,777	**(18,231)**	**(107,055)**	**(491,364)**	**(712,202)**
2,165		45,686	74,303	59,998
3,392	20,272	32,476	663,770	701,399
5,557	**20,272**	**78,162**	**738,073**	**761,397**
(9)	(17,190)	(1,663)	(541,385)	(279,249)
29,347		26,001	855,222	1,375,198
(19,614)	(10,772)	(4,738)	(159,985)	(144,854)
46,971	17,786	20,694	297,016	203,850
(15,035)	(17,196)	(2,418)	(598,739)	(1,064,692)
		92	122	1,191
41,660	**(27,372)**	**37,968**	**(147,749)**	**91,444**
(197,518)	(53,421)	(15,231)	(1,543,940)	(1,478,223)
131,840	74,534	119	1,485,263	1,360,957
29,583	216	5,685	39,971	29,780
(36,095)	**21,329**	**(9,427)**	**(18,706)**	**(87,486)**
40,899	**(4,002)**	**(352)**	**80 254**	**53,153**
155,554	**12,530**	**50,024**	**272,708**	**219,555**
$ 196,453	**$ 8,528**	**$ 49,672**	**$ 352,962**	**$ 272,708**

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Commonwealth of Massachusetts (the Commonwealth) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Commonwealth accounting policies are described below.

a. Reporting Entity –

The state government is comprised of three branches: the Executive Branch, with the Governor as the chief executive officer; the Legislative Branch, consisting of a Senate of 40 members and a House of Representative of 160 members; and the Judicial Branch made up of the Supreme Judicial Court, the Appeals Court and the Trial Court. In addition, the Legislature has established 56 independent authorities and agencies. Below the level of state government are 14 county governments and 351 cities and towns exercising the functions of local governments.

For financial reporting purposes, the Commonwealth of Massachusetts has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Commonwealth has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commonwealth are such that exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. As required by GAAP, these financial statements present the Commonwealth of Massachusetts (the primary government) and its component units. The Commonwealth has included 36 entities as component units in the reporting entity because of the significance of their operational and/or financial relationships with the Commonwealth.

Blended Component Units – Blended component units are entities which are legally separate from the Commonwealth, but are so related to the Commonwealth that they are, in substance, the same as the Commonwealth or entities providing services entirely or almost entirely to the Commonwealth. The following Component Units are blended within the Primary Government:

The Pension Reserves Investment Trust Fund (PRIT) was created in 1984, through General Laws Chapter 661 of the Acts of 1983 as amended by the Acts of 1987. PRIT is the investment portfolio for the assets of member state and local retirement systems. PRIT is managed by the Pension Reserves Investment Management (PRIM) Board.

The Massachusetts State Teachers and Employees Retirement Systems Trust (MASTERS Trust) is a combined investment fund for the State Employees' Annuity Fund and the Teachers' Annuity Fund. The MASTERS Trust was established by the State Treasurer, as Trustee, under a Declaration of Trust dated January 1. 1989, pursuant to authority granted under MGL, Chapter 29, Section 38a.

The Massachusetts State College Building Authority provides dormitories, dining commons and other facilities primarily for use by students and staff of certain state colleges of the Commonwealth. The building authority is governed by a board comprised of members appointed by the Governor.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units (Continued) – The Southeastern Massachusetts University Building Authority provides residence halls and a dining center; it is governed by a nine member board appointed by the Governor.

The University of Massachusetts - Lowell Building Authority provides residence halls and a dining center; it is governed by a nine member board appointed by the Governor.

The University of Massachusetts Building Authority provides dormitories, dining commons and other buildings and structures for the use of the University of Massachusetts and its students and staff; it is governed by a nine member board appointed by the Governor.

The University of Massachusetts Medical School Teaching Hospital Trust Fund accumulates the results from operations of the Teaching Hospital. The Board of Trustees of the University of Massachusetts is the governing body of the Teaching Hospital.

The University of Massachusetts Medical School Group Practice Plan is a trust fund that receives and distributes revenue from medical services to its members. Each member of the clinical faculty of the Medical School is required to be a member of the Group Practice Plan. The Group Practice Plan is governed by a 24 member board of which 23 are appointed by the Governor.

The University of Massachusetts Medical Center Self-Insurance Trust provides professional liability, hospital premises liability and physicians' and surgeons' liability coverage for the Medical Center, the Teaching Hospital and the Group Practice Plan. The Self-Insurance Trust is governed by a 24 member board of which 23 are appointed by the Governor.

Discrete Component Units – Discrete component units are entities which are legally separate from the Commonwealth, but are financially accountable to the Commonwealth, or whose relationships with the Commonwealth are such that exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. The Component Units column of the combined financial statements include the financial data of the following entities:

The Massachusetts Bay Transportation Authority (MBTA) operates mass transit facilities within the Greater Boston metropolitan area, which consists of 78 cities and towns. The MBTA is overseen by a seven member board of directors appointed by the Governor. The Commonwealth guarantees the debt of the MBTA and funds deficiencies in the net cost of service.

The Regional Transit Authorities (RTAs) provide railway transportation to areas not serviced by the MBTA. The RTAs are fiscally dependent on the Commonwealth as evidenced from the need for approval by the Secretary of the Executive Office of Transportation and Construction before an RTA can issue bonded debt. In addition, the Commonwealth subsidizes a minimum of 50% of the net cost of service for the RTAs. There are 14 RTAs as follows:

- Berkshire Regional Transit Authority
- Brockton Area Transit Authority
- Cape Ann Transportation Authority
- Cape Cod Regional Transit Authority

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discrete Component Units (Continued) –

- Franklin Regional Transit Authority
- Greater Attleboro/Taunton Regional Authority
- Greenfield-Montague Transportation Area
- Lowell Regional Transit Authority
- Martha's Vineyard Transit Authority
- Merrimack Valley Regional Transit Authority
- Montachusett Regional Transit Authority
- Pioneer Valley Transit Authority
- Southeastern Regional Transit Authority
- Worcester Regional Transit Authority

The Massachusetts Water Pollution Abatement Trust (WPAT) provides a combination of federal and Commonwealth funds for water pollution abatement projects. WPAT is governed by a three member board of directors that includes the State Treasurer, Commissioner of the Department of Environmental Protection and the Secretary for Administration and Finance.

The Massachusetts Convention Center Authority (MCCA) manages the operation of the John B. Hynes Veterans Memorial Convention Center and the Boston Common Parking Garage. The MCCA is governed by a seven member board of directors which includes the State Treasurer and four appointments made by the Governor. The Commonwealth provides grants to fund annual debt service of the bonds issued and subsidies to fund annual operating deficits.

Economic Development –

The Massachusetts Community Development Finance Corporation (MCDFC) provides community development in economically depressed areas in Massachusetts. The MCDFC is governed by a board of directors comprised of nine members including the Secretary of Manpower Affairs, Secretary of Communities and Development, the Secretary for Administration and Finance and six appointments made by the Governor.

The Bay State Skills Corporation (BSSC) identifies occupations that are in high demand, seeks out educational and training organizations and then funds creative skills training programs. BSSC is governed by a 19 member board of directors including the Secretary of Economic Affairs, Commissioner of Welfare, Chancellor of the Board of Regents, Commissioner for Department of Education, Commissioner for Department of Employment and Training and 14 appointments made by the Governor. The operations are almost entirely funded through Commonwealth grants.

The Massachusetts Industrial Service Program (ISP) provides high risk financing to troubled businesses, assists displaced workers and assists communities to foster economic vitality. ISP has a five member board of trustees including the Secretary of Economic Affairs and the Secretary of Labor and three appointments by the Governor. ISP relies on Commonwealth funding to operate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Economic Development (Continued) – The Massachusetts International Trade Council (MITC) stimulates export development through export assistance programs and promotion of foreign investment in Massachusetts industries. The entity is funded with Commonwealth grants. The governor appoints the two member board.

The Government Land Bank (GLB) aids public and private agencies in the conversion and redevelopment of surplus Commonwealth and federal property, and blighted, decadent or substandard property for the purpose of stimulating economic development and provide housing to low and moderate income persons. The GLB is governed by a board of directors comprised of 10 members including the Commissioner of Administration, the Secretary of Communities and Development and 8 appointments made by the Governor. The GLB has access to $40 million of general obligation bonds and the Commonwealth also provides subsidy assistance. The GLB also requires Commonwealth approval to issue bonded debt.

The Massachusetts Technology Park Corporation (MTPC) manages Massachusetts educational centers that foster economic development within the Commonwealth by providing Massachusetts colleges and universities with access to equipment, machinery and instructional assistance necessary to offer programs in certain emerging areas of science and technology. MTPC is governed by a board of directors comprised of 23 members including the Secretary of Economic Affairs, the Secretary for Administration and Finance, the Chancellor of the Board of Regents and 20 appointments made by the Governor. The Commonwealth provides grants to fund operations.

The Community Economic Development Assistance Corporation (CEDAC) provides development assistance to nonprofit corporations to expand the supply of affordable housing and to foster the revitalization of economically distressed areas. The Governor appoints the nine member board of directors.

The Massachusetts Corporation for Education Telecommunications (MCET) operates a statewide telecommunication network for the Commonwealth public and private sector to improve the quality of education. MCET is governed by a board of directors comprised of 18 members of which 12 are appointed by the Governor. The Corporation receives grants from the Commonwealth to fund its programs.

The Massachusetts Housing Partnership (MHP) addresses local needs for affordable housing and neighborhood development through group effort of the public and private sectors and state and local government. The entity is governed by a seven member board of directors of which two members are appointed by the Governor, and one member is the Secretary for Administration and Finance and one is the Secretary of Communities and Development. The Commonwealth provides funding to MHP.

The Massachusetts Zoological Corporation manages Franklin Park Zoo and the Walter D. Stone Memorial Zoo. The Corporation's 11 member board is appointed by the Governor. The Commonwealth subsidizes a substantial portion of the operations of the zoos.

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Combining Financial Statements – Component units condensed financial statements are included in the component unit column of the general purpose financial statements. Complete financial statements of the individual component units can be obtained directly from their respective administrative offices:

Massachusetts Bay Transportation Authority
Ten Park Plaza
Boston, MA 02116

Massachusetts Convention Center Authority
900 Boylston Street
Boston, MA 02115

Berkshire Regional Transit Authority
67 Downing Parkway
Pittsfield, MA 01201

Brockton Area Transit Authority
70 School Street
Brockton, MA 02401

Cape Ann Transportation Authority
PO Box 511
Gloucester, MA 01931

Cape Cod Regional Transit Authority
585 Main Street, PO Box F
Dennis, MA 02638

Franklin Regional Transit Authority
474 Main Street
Greenfield, MA 01301

Greater Attleboro/Taunton Regional Authority
7 Mill Street
Attleboro, MA 02703

Greenfield-Montague Transportation
382 Deerfield Street
Deerfield Street
Greenfield, MA 01301

Lowell Regional Transit Authority
145 Thorndike Street
Lowell, MA 01852

Merrimack Valley Regional Transit Authority
85 Railroad Avenue
Bradford, MA 01835

Montachusett Regional Transit Authority
Rear 1427 Water Street
Fitchburg, MA 01420

Pioneer Valley Transit Authority
2808 Main Street
Springfield, MA 01107

Southeastern Regional Transit Authority
25 North Sixth Street
New Bedford, MA 02740

Martha's Vineyard Transit Authority
PO Box 158
Edgartown, MA 02539

Worcester Regional Transit Authority
287 Grove Street
Worcester, MA 01605

Bay State Skills Corporation
101 Summer Street
Boston, MA 02100

Massachusetts Community Economic Development Assistance Corporation
19 Temple Street
Boston, MA 02111

Government Land Bank
One Court Street, Suite 200
Boston, MA 02108

Massachusetts Community Development Finance Corporation
10 Post Office Square, Suite 1090
Boston, MA 02109

Massachusetts Corporation for Education Telecommunications
38 Sidney Street
Cambridge, MA

Massachusetts Housing Partnership
2 Oliver Street
Boston, MA 02109

Massachusetts Industrial Service Program
100 Cambridge Street, Room 1302
Boston, MA 02202

Massachusetts International Trade Council, Inc.
100 Cambridge Street, Room 1302
Boston, MA 02202

Massachusetts Technology Park Corporation
75 North Drive
Westborough, MA 01581

Water Pollution Abatement Trust
Office of the State Treasurer
One Ashburton Place, 12th Floor
Boston, MA 02108

Commonwealth Zoological Corporation
1 Franklin Park Road
Boston, MA 02121

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Combining Financial Statements (Continued) – The following organizations do not meet the criteria for inclusion in the reporting entity, and are excluded from the general purpose financial statements: Massachusetts Turnpike Authority, Massachusetts Port Authority, Massachusetts Water Resources Authority, Massachusetts Housing Finance Agency, Massachusetts Health and Educational Facilities Authority, Massachusetts Technology Development Corporation and Massachusetts Industrial Finance Agency. Subsequent to June 30, 1995, the Commonwealth enacted legislation that, among other things, guarantees certain bonds and notes of the Massachusetts Turnpike Authority. The Massachusetts Turnpike Authority will meet the criteria for a discretely presented component unit in fiscal year 1996.

b. Fund Accounting –

The Commonwealth reports its financial position and results of operations in funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Transactions between funds within a fund type, if any, have not been eliminated.

Account groups are accounting entities used to provide accountability for the Commonwealth's general fixed assets and general long-term obligations. They are not considered funds because they do not report expendable available financial resources and related liabilities.

The Commonwealth has established the following fund categories (further divided by fund types), and account groups:

Governmental Funds – account for the general governmental activities of the Commonwealth.

The General Fund is the primary operating fund of the Commonwealth. It is used to account for all governmental transactions, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for specific revenue sources, other than expendable trusts or major capital financing, that have been segregated according to state finance law to support specific governmental activities.

Capital Projects Funds are used to account for financial resources used to acquire or construct major capital assets and to finance local capital projects. These resources are derived primarily from proceeds of general and specific obligation bonds and federal reimbursements.

Proprietary Funds – account for the Commonwealth's ongoing activities that are similar to those often found in the private sector.

Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the Commonwealth, or to other governmental units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds – are used to account for assets held by the Commonwealth in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, and/or other funds

Expendable Trust Funds are used to account for trusts whose principal and income may be expended for their designated purpose.

Nonexpendable Trust Funds are used to account for trusts whose principal cannot be spent.

Pension Trust Funds are used to account for the assets, liabilities and fund equities held in trust for the State Employees' and Teachers' Retirement Systems.

Agency Funds are used to account for assets the Commonwealth holds on behalf of others. Agency Funds are custodial in nature and do not involve measurement of operations.

University and College Fund – is used to account for the activities specific to the operation of the Commonwealth's public institutions of higher education, including its medical school.

Current Funds are comprised of unrestricted funds which may be used at the discretion of the individual institutions' governing bodies and restricted funds which must be utilized for specific purposes established by others.

Loan funds account for resources available to make loans to students, faculty and staff.

Endowment and Similar Funds are comparable to trust funds, and they must be administered according to the terms of specific agreements.

Plant Funds are used to account for resources that have been or will be invested to acquire or repair fixed assets or for the related debt service.

Account Groups – establish control and accountability over the Commonwealth's general fixed assets and general long-term obligations.

The General Fixed Assets Account Group is used to account for general fixed assets of the Commonwealth, excluding the fixed assets of Proprietary Funds, University and College Fund and the discretely presented Component Units.

The General Long-term Obligations Account Group is used to account for long-term bonds and notes issued by the Commonwealth, capital leases, certificates of participation, unpaid pension costs, compensated absences, and other long-term obligations, excluding the liabilities of the University and College Fund, the discretely presented Component Units and the Proprietary Funds.

Component Units- account for the activity of the entities that are separate from the primary government but are financially accountable to the Commonwealth. The Component Units are discretely presented in the general purpose financial statements.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. *Measurement Focus and Basis of Accounting* –

Governmental and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means expected to be collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include income, sales and use, corporation and other taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services. Revenues from other sources are recognized when received. Expenditures are recorded in the period in which the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due.

Proprietary Funds, Component Units, Nonexpendable Trust and Pension Trust Funds are reported using a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of net income. For all proprietary funds and component units that use proprietary fund accounting, the Commonwealth applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Agency Fund assets and liabilities are reported using the modified accrual basis of accounting. They are custodial in nature and do not measure results of operations or have a measurement focus.

University and College Fund activities are reported using the accrual basis of accounting, except that depreciation is recorded only for those plant fund assets related to the hospital and group practice plan.

Statutory (Budgetary) Accounting – The Commonwealth's books and records and other official reports are maintained on the basis of accounting used in the preparation of the Commonwealth's legally adopted annual budget (statutory basis). The statutory basis emphasizes accountability and the budgetary control of appropriations, and the Statutory Basis Financial Report is not intended to present the Commonwealth's financial condition and results of operations in conformity with GAAP.

Under the statutory basis, revenues are generally recognized when the cash deposit is received. However, revenues receivable for federal grants and reimbursements are recognized when related expenditures are incurred, and amounts due from certain political subdivisions of the Commonwealth are recognized when considered measurable and available at year end.

Expenditures generally are recorded when the related cash disbursement occurs. At year end, payroll is accrued and payables are recognized, to the extent of approved encumbrances, for goods or services received by June 30. Costs incurred under the federally-sponsored Medicaid program, amounts required to settle claims and judgments against the Commonwealth, and certain other liabilities are not recognized until they are encumbered or otherwise processed for payment.

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Cash and Short-Term Investments and Investments -

The Commonwealth follows the practice of pooling cash and cash equivalents for some of its Governmental and Fiduciary Funds. Cash equivalents consist of short-term investments with an original maturity of three months or less and are stated at cost. There are instances where a fund with a cash deficit will borrow from another fund. These interfund borrowings are reported as "Due from other funds" and "Due to other funds" on the balance sheet. Interest earned on pooled cash is allocated to the General Fund, Expendable Trust Funds and to certain Special Revenue Funds when so directed by law.

The Pension Trust Funds, with investments totaling $13,054,318,000, are permitted to make investments in equity securities, fixed income securities, real estate and other alternative investments. Equity securities of the Pension Trust Funds and deferred compensation plan investments are stated at market. The Pension Trust Funds have acquired investments in real estate, venture capital funds, real estate funds, limited partnerships, futures pools, international hedge pools, commodities pools, balanced pools, leverage buyouts, private placements and other alternative investments. The structure, risk profile, return potential and marketability differ from traditional equity and fixed income investments. Concentration of credit risk exist if a number of companies in which the Fund has invested, are engaged in similar activities and have similar economic characteristics that could cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. To mitigate the exposure to concentrations of risk, the Pension Trust Funds invest in a variety of industries located in diverse geographic areas. As of June 30, 1995, the estimated values, determined by management with input from the investment managers, of these real estate and alternative investments were $75,000,000 in the MASTERS Trust and $985,000,000 in PRIT, representing 0.4% and 4.9%, respectively, of the total assets of the Fiduciary Fund Type.

Included in the discretely presented Component Units is $9,159,274 in investments, whose valuation was determined by management. In making its valuations, management considered the cost of investments, current and past operating results, current economic conditions and their effect on the borrowers, estimated realizable values of collateral, and other factors pertinent to the valuation of investments. There is no public market for most of the investments. Management, in making its evaluation, has in many instances relied on financial data and on estimates by management of the companies they have invested in as to the effect of future developments.

Investments of the University of Massachusetts (UMass) are stated at the lower-of-cost or market (except for debt instruments to be held to maturity which are carried at amortized cost). Other investments are stated at cost or amortized cost.

Annuity contracts represent guaranteed investment contracts and are carried at present value.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Securities Lending Program –

The Pension Trust Funds participate in securities lending programs. Under these programs, the Trusts receive a fee for allowing brokerage firms to borrow from certain securities for a predetermined period of time, securing such loans with cash or collateral typically equaling 102% to 105% of the market value of the security borrowed. At June 30, 1995, the market value of the securities on loan with PRIT was approximately $510,000,000. The value of the collateral amounted to $524,000,000 at June 30, 1995.

f. Receivables –

Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to the Commonwealth for its expenditures on federally-funded reimbursement and grant programs are reported as "Due from federal government." The receivables in the University and College Fund and Component Units column are amounts that have arisen in the normal course of operations.

g. Inventories and Other Assets -

The costs of materials and supplies are recorded as expenditures in Governmental Funds when purchased. Such inventories are not material in total to the financial statements and therefore are not recorded.

Inventories included within the University and College Fund and the Component Unit column are stated at the lower of cost, using the first-in, first-out method, or market (on the purchase or consumption method).

h. Fixed Assets -

For Governmental Funds, general fixed asset acquisitions are recorded as expenditures in the acquiring fund and capitalized in the General Fixed Assets Account Group in the year purchased. General fixed assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at the estimated fair market value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized.

The Commonwealth capitalizes all land. It capitalizes buildings, equipment and computer software, with costs in excess of fifteen thousand dollars at the date of acquisition and with expected useful lives of greater than one year. Interest incurred during construction is not material and it is not capitalized. Public domain general fixed assets or Infrastructure (roads, bridges, tunnels, dams, water and sewer systems, etc.) are not capitalized. No depreciation is provided on general fixed assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Fixed Assets (Continued)-

Fixed assets of the University and College Fund are recorded at cost when purchased or constructed Major construction projects financed through the issuance of Commonwealth bonds are not recognized as additions to investment in plant until completed. All land and library collections are capitalized. The University of Massachusetts and state colleges capitalize all other fixed assets with costs in excess of one thousand dollars. The community colleges capitalize all other fixed assets with costs in excess of fifteen thousands dollars consistent with the Commonwealth's fixed asset policy. No provision for depreciation is recognized except for depreciation recorded on the University of Massachusetts Medical School Teaching Hospital and Group Practice Plan fixed assets, which is recorded on a straight line basis over the estimated useful lives of the assets.

Fixed assets of the Component Units are capitalized upon purchase and depreciated on a straight-line basis over the estimated useful lives of the assets. Interest incurred during construction is capitalized. The estimated useful lives of fixed assets are as follows:

Structures and improvements	3 – 100 years
Equipment, furniture, fixtures and vehicles	3 – 25 years

i. Interfund/Intrafund Transactions -

During the course of its operations, the Commonwealth records transactions between funds and/or between departments. Transactions of a buyer/seller nature between departments within a fund are not eliminated from the individual fund statements. Receivables and payables resulting from transactions between funds are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

Receivables and payables resulting from transactions between Component Units and the primary government are classified as "Due to/from primary government" or "Due to/from Component Units."

j. Fringe Benefit Cost Recovery -

The Commonwealth appropriates and pays the fringe benefit costs of its employees and retirees through the General Fund. These fringe benefits include the costs of employees' group health insurance, pensions, unemployment compensation and other costs necessary to support the workforce. As directed by Massachusetts General Laws, these costs are assessed to other funds based on payroll costs, net of credits for direct payments. Since fringe benefit costs are not separately appropriated or otherwise provided for in these funds, the required assessment creates an unfavorable budget variance in the budgeted funds. The employees group health insurance is accounted for through the Internal Service Fund.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. School Construction Grants -

The Commonwealth through legislation is committed to reimburse certain cities, towns and regional school districts for a portion of their debt service costs for school construction and renovation. The amounts expected to be liquidated with available financial resources are reported as expenditures and fund liabilities. The long-term portion of this liability is recorded in the General Long-term Obligations Account Group.

l. Compensated Absences -

For Governmental Funds and Expendable Trust Funds, vested or accumulated vacation and sick leave expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities. Amounts that are not expected to be so liquidated are reported in the General Long-term Obligations Account Group.

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements and state laws. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then-current rate of pay.

In the University and College Funds and the discretely presented Component Units, employees' accumulated vacation and sick leave are recorded as an expense and liability as the benefits accrue.

m. Lottery Revenue and Prizes -

Ticket revenues and prizes awarded by the Massachusetts Lottery Commission are recognized as drawings are held. For certain prizes payable in installments, the Commonwealth purchases annuities in the Commonwealth's name, which are recorded as annuity contracts and prizes payable in the Agency Funds. The Commonwealth retains the risk related to such annuities.

n. Risk Financing –

The Commonwealth does not insure for Commonwealth employees workers' compensation, casualty, theft, tort claims and other losses. Such losses, including estimates of amounts incurred but not reported, are included as accrued liabilities in the accompanying financial statements when the loss is incurred. For Commonwealth employees workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Public Employee Retirement Administration and another program for individuals working on the Central Artery/Third Harbor Tunnel Project managed by the Massachusetts Highway Department. For personal injury or property damages, Massachusetts General Laws limit the risk assumed by the Commonwealth to $100,000 per occurrence, in most circumstances. The Group Insurance Commission administers health care and other insurance for the Commonwealth's employees and retirees.

The Commonwealth accounts for workers' compensation and group insurance risk financing activities in the Internal Service Funds. Revenues are charged to other funds as reimbursement for expenditures related to claims and judgments. Other risk financing activities are accounted for in the General Fund.

FISCAL YEAR ENDED JUNE 30, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Total Columns – Memorandum Only –

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis Data in these columns do not present consolidated financial position, results of operations or cash flows. Interfund eliminations have not been made in the aggregation of this data.

p. Reclassifications –

For the fiscal year ended June 30, 1995, certain reclassifications have been made to the 1994 balances to conform to the presentation used in 1995.

The separately issued Component Units financial statements have been reclassified to conform to the accounting classifications used by the Commonwealth.

q. Future Adoption of Accounting Pronouncements –

The GASB has issued the following statements which the Commonwealth has not yet adopted and which require adoption subsequent to June 30, 1995:

Statement No.		Adoption required in fiscal year
24	Accounting and Reporting for Certain Grants and Other Financial Assistance	1996
25	Financial Reporting for Defined Benefit Pension Plans and Note Disclosure for Defined Contribution Plans	1996
26	Financial Reporting for Postretirement Healthcare Plans administered by Defined Benefit Pension Plans	1996
27	Accounting for Pensions by State and Local Governmental Employers	1997
28	Accounting and Financial Reporting for Securities Lending Transactions	1997
29	The use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities	1996

The implication of these statements to the Commonwealth's fiscal practices and financial reports is being evaluated.

2. BUDGETARY CONTROL

State finance law requires that a balanced budget be approved by the Governor and the Legislature. The Governor presents an annual budget to the Legislature which includes estimates of revenues, expenditures and other financing sources and uses anticipated during the coming fiscal year. The Legislature, which has full authority to amend the budget, adopts an expenditure budget by appropriating monies, at the individual appropriation account level, in an annual appropriation act.

For fiscal year 1995, the Legislature included in the general appropriation act a revenue budget to show the estimates of amounts expected to be available to finance appropriated expenditures.

Before signing the appropriation act, the Governor may veto or reduce any specific item, subject to legislative override. Further changes to the budget established in the annual appropriation may be made via supplemental appropriation acts or other legislative acts. These also must be approved by the Legislature and signed by the Governor and are subject to line item veto.

The majority of the Commonwealth's appropriations are non-continuing accounts which lapse at the end of each fiscal year. Others are continuing accounts for which the Legislature has authorized that an unspent balance from the prior fiscal year be carried forward and made available for current spending. In addition, the Legislature may direct that certain revenues be retained and made available for spending within an appropriation account.

Generally, expenditures may not exceed the level of spending authorized for an individual appropriation account. However, the Commonwealth is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Certain interfund assessments to allocate fringe benefits and other costs are mandated by state finance law but not itemized in the appropriation process or separately budgeted. In addition, Massachusetts General Laws authorize the Secretary of Administration and Finance, with the approval of the Governor, to withhold allotment of appropriated funds, effectively reducing the account's expenditure budget, upon determination that available revenues will be insufficient to meet authorized expenditures.

The original fiscal year 1995 Appropriation Act authorized approximately $15,403,812,000 in direct appropriations, $699,164,000 in authorizations to retain and expend certain non-tax revenues and $105,755,000 of interagency chargebacks. The act also included estimates of $11,301,100,000 in tax revenues and approximately $4,995,921,000 in non-tax revenues. With these revenues (exclusive of chargebacks) projected to total approximately $16,297,021,000, and with unreserved balances on a statutory basis of approximately $127,068,000 carried forward from fiscal year 1994, the budget as presented in this original appropriation act was considered to be in balance.

During fiscal year 1995, the Legislature also passed and the Governor signed, with some modification through veto, several supplemental budgetary appropriations. These amounts added approximately $442,374,000 in direct appropriations, $1,543,000 in additional retained revenue authorizations, and $4,849,000 of inter-agency chargebacks.

2. BUDGETARY CONTROL (CONTINUED)

Subsequent to June 30, 1995, the Legislature passed and the Governor signed, with modification through veto, approximately $46,131,000 in additional supplemental appropriations relating to fiscal year 1995 cumulative. These actions raised to approximately $16,703,628,000 the total of appropriations, retained revenue authorizations, and interagency chargebacks. Appropriations continued from fiscal year 1994 totaled approximately $74,245,000, and certain intrafund and interfund transfers and expenditures, directed by statute, totaled approximately $351,481,000.

Because revenue budgets are not updated subsequent to the original appropriations act, the comparisons of the initial budgeted revenue to the subsequent, and often modified, expenditure budget can be misleading. Also, the financial statements portray fund accounting with gross inflows and outflows, thus creating a second variance, to separately published budget documents, portraying net inflows and outflows.

Line item appropriations are enacted for the General Fund and certain Special Revenue Fund activities. For these funds, a Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Statutory Basis – Budget and Actual – General and Budgeted Special Revenue Funds is included. The Budgeted Special Revenue Funds itemized in the CAFR are the Highway, Local Aid, Commonwealth Stabilization, Environmental, Administrative Control, and under the label of Other, all remaining budgeted funds.

The Office of the Comptroller has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the State Accounting System, Massachusetts Management Accounting and Reporting System (MMARS). Encumbrances and expenditures are not allowed to exceed the appropriation account total available spending authorization.

A MMARS report, internally identified as RPT226, is used by management and the Office of the Comptroller to monitor spending against budget. This report provides information at the individual line item appropriation account level, which is the legal level of budgetary control. For financial reporting, the Commonwealth groups these appropriation accounts by character and secretariat to conform to its organizational structure.

2. BUDGETARY CONTROL (CONTINUED)

A reconciliation of the statutory basis General and budgeted Special Revenue funds to the GAAP basis General and all Special Revenue funds presented in the financial statements is as follows (amounts in thousands):

	General	Special Revenue
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (statutory basis)	$ 462,652	$ (325,964)
Entity differences:		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses for:		
Non-budgeted Special Revenue Funds		7,668
Perspective differences:		
Certain activities treated as Special Revenue Funds for statutory and as part of the General Fund for GAAP	79,425	(79,425)
Implementation of GASB 10	(78,437)	(12,643)
Basis of Accounting differences:		
Net increase in taxes receivable	59,957	46,242
Net increase/(decrease) in due from federal government	(92,536)	(33)
Net increase/(decrease) in other receivables and other assets	(17,632)	22,438
Net increase in tax refunds and abatements payable	(6,322)	(10,954)
Net (increase)/decrease in accounts payable and other liabilities	412,885	(191,406)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	$ 819,992	$ (544,077)

3. DEPOSITS AND INVESTMENTS

Cash and Short-Term Investments - The Commonwealth maintains a cash and short-term investment pool which is utilized by the Governmental and Fiduciary Fund types.

As of June 30, 1995, the carrying amount of the Primary Government's total cash and cash equivalents was $649,647,000 and the corresponding bank balances were $671,004,000. Bank deposits in the amount of $12,692,000 were insured by the Federal Deposit Insurance Corporation, and $658,312,000 were uninsured and uncollateralized.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and Short-Term Investments (Continued) As of June 30, 1995, the carrying amount of the discretely presented Component Unit's total cash and cash equivalents was $46,672,000, and the corresponding bank balances were $45,111,000. Bank deposits of $4,005,000 were insured by the Federal Deposit Insurance Corporation and $41,107,000 were uninsured and uncollateralized.

Investments The Commonwealth maintains an investment pool, the Massachusetts Municipal Depository Trust (MMDT), that is available for use by all funds. The deposits and investments of the Component Units and the University and College Funds and the investments of the Pension Trust Funds are held separately from those of other Commonwealth funds, with the exception of their investments in MMDT.

Statutes authorize the Primary Government to invest in obligations of the U.S. Treasury, authorized bonds of all states, banker's acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poors Corporation and Moody's Commercial Paper Record and repurchase agreements that any of these obligations secure. Investments in the MMDT are carried at cost, which approximates market. The Pension Trust Funds are permitted to make investments in equity securities, fixed income securities, real estate and other alternative investments. In the following table, these alternative investments, venture capital and futures pools are classified as other investments. The investment policies of the Component Units are the same as the Primary Government's, except that they permit investment in equity securities.

Short-term investments and investments are classified as to collateral risk into the following three categories:

Category 1	Insured or registered, or securities held by the Commonwealth or its agent in the Commonwealth's name.
Category 2:	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commonwealth's name.
Category 3:	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commonwealth's name.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government – Investments of the Primary Government at June 30, 1995, are as follows (amounts in thousands).

	Carrying Amount				
	Category 1	Category 2	Category 3	Total	Market Value
INVESTMENT					
Repurchase agreements	$ 242,634	$ 247	$ 1,583	$ 244,464	$ 249,079
U.S Treasury obligations	839,319	8,471		847,790	842,789
Commercial paper	695,389			695,389	695,389
Government obligations	2,420,550	128,375	9,298	2,558,223	2,557,618
Equity securities	7,595,105	18,726	717	7,614,548	7,616,034
Fixed income securities	1,636,622	80,556		1,717,178	1,720,549
Asset backed investments		11,757		11,757	11,263
Notes		3,550		3,550	3,550
Other	151,324	31,015	152,612	334,951	334,728
	$13,580,943	$282,697	$164,210	14,027,850	14,030,999
Money market investments				837,362	837,362
Mutual fund investments				57,478	57,478
Deferred compensation plan mutual funds				1,215,348	1,215,348
Annuity contracts				1,097,652	1,097,652
Real estate				446,192	446,192
Assets held in trust				1,691,484	1,691,484
Deposits with U.S. Treasury				385,605	385,605
Other				614,249	614,249
Total				$20,373,220	$20,376,369

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3. DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government (Continued) Following is a reconciliation of investments as summarized above to the balance as recorded in the combined balance sheet (amounts in thousands)

Investments as summarized above	$20,373,220
Less: Short-term investments reported in the combined balance sheet as cash and short-term investments	2,043,176
Restrictive investments reported separately in the combined balance sheet	162,391
Deferred compensation plan mutual funds reported separately in the combined balance sheet	1,215,348
Assets held in trust reported separately in the combined balance sheet	1,691,484
Annuity contracts reported separately in the combined balance sheet	1,097,652
Deposits reported separately in the combined balance sheet	385,605
Investments as reported on the combined balance sheet	$13,777,564

Following is a reconciliation of the balance of cash and short-term investments at June 30, 1995 (amounts in thousands):

Carrying amount of cash and cash equivalents	$ 471,247
Cash with fiscal agent	89,200
Short-term investments	2,043,176
Cash and short-term investments as reported on the combined balance sheet	$2,603,623

Financial Instruments with Off-Balance Sheet Risk – There are certain investments of the Commonwealth which may involve a degree of risk not accounted for on the respective financial statements. A description of such "off-balance sheet risks" is as follows:

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Forward Currency Contracts – The Pension Trust Funds enter into forward currency contracts to hedge the exposure to changes in foreign currency exchange rates on foreign portfolio holdings. The market value of the contract will fluctuate with changes in currency exchange rates. Risks may arise upon entering these contracts from the potential inability of counterparts to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

When the contract is closed, the Trusts record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Fluctuations in the value of forward currency contracts are recorded as unrealized gains or losses by the Trusts.

Future Contracts – The Pension Trust Funds may purchase and sell financial futures contracts to hedge against changes in the values of securities the fund owes or expects to purchase. Upon entering such contracts, they must pledge to the broker an amount of cash or securities equal to a percentage of the contract amount.

The potential risk is that the change in the value of futures contracts primarily corresponds with the value of underlying instruments which may not correspond to the change in value of the hedged instruments. In addition, there is a risk that PRIT or Masters may not be able to close out its futures positions due to a non-liquid secondary market. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The Trusts may also invest in financial futures contracts for non-hedging purposes.

Payments are made or received by the Trusts each day, depending on the daily fluctuations in the value of the underlying security, and are recorded as unrealized gains or losses. When the contracts are closed, the Trusts recognize a realized gain or loss. The notional value of the futures contracts at June 30, 1995 for the Trusts amount to approximately $125,000,000 with unrealized losses of approximately $315,000.

Options – PRIT and Masters are also engaged in selling or "writing" options. The Trusts, as writers of options, may have no control over whether the underlying securities may be sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the security underlying the written option. As of June 30, 1995, there were no material options outstanding.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Component Units Investments of the discretely presented Component Units at June 30, 1995, are as follows (amounts in thousands):

	Carrying Amount				
	Category 1	Category 2	Category 3	Total	Market Value
INVESTMENT					
Repurchase agreements	$ 2,652	$ 0	$ 49,810	$ 52,462	$ 52,650
U.S. Treasury obligations	72,893	11,607	306	84,806	84,861
Commercial paper	85,040			85,040	85,040
Government obligations			53,190	53,190	54,292
Equity securities			300	300	300
Notes	4,451		6,823	11,274	11,242
Other	1,954	1,975	14,428	18,357	18,359
	$166,990	$13,582	$124,857	305,429	306,744
Money market investments				21,276	21,276
Mutual fund investments				78	78
Deferred compensation plan mutual funds				11	11
Cash on deposit with insurance carriers				747	747
Guaranteed investment contracts				270,636	270,636
Total				$598,177	$599,492

Following is a reconciliation of investments summarized above to the balance as recorded in the combined balance sheet (amounts in thousands):

Investments as summarized above	$598,177
Less: Short-term investments reported in the combined balance sheet as cash and short-term investments	306,290
Restricted investments reported separately in the combined balance sheet	29,433
Investments as reported on the combined balance sheet	$262,454

Following is a reconciliation of the balance of cash and short-term investments at June 30, 1995 (amounts in thousands):

Carrying amount of cash and cash equivalents	$ 46,672
Short-term investments	306,290
Cash and short-term investments as reported on the combined balance sheet	$352,962

4. RECEIVABLES

Taxes, federal reimbursements, loans and other receivables are presented in the various funds as follows (amounts in thousands):

Primary Government –

	Taxes	Due from Federal Government	Loans	Other	Allowance for Uncollectibles	Net Receivable
General Fund	$ 987,286	$ 504,506	$ 0	$ 902,062	$ (1,038,804)	$ 1,355,050
Special Revenue Funds	688,026	149,944		124,853	(230,111)	732,712
Capital Projects Funds		121,584		903	(32)	122,455
Trust and Agency	359,768	4,105	7,794	566,918	(348,748)	589,837
University and College Fund		9,024	52,776	139,731	(28,922)	172,609
Subtotal	2,035,080	789,163	60,570	1,734,467		2,972,663
Less: Allowance for uncollectibles	(571,633)	(11,917)	(5,239)	(1,057,828)	$ (1,646,617)	
Net receivable	$ 1,463,447	$ 777,246	$ 55,331	$ 676,639		$ 2,972,663

Component Units –

	Due from Federal Government	Loans	Other	Allowance for Uncollectibles	Net Receivable
MBTA	$ 6,600	$ 0	$ 29,591	$ 0	$ 36,191
Regional Transit Authorities	4,315		5,066	(36)	9,345
WPAT	33,287	573,860	9,842		616,989
MCCA			480	(63)	417
Economic Development	20,237	109,067	2,902	(4,531)	127,675
Subtotal	64,439	682,927	47,881	(4,630)	790,617
Less: Allowance for uncollectibles		(4,531)	(99)	$ (4,630)	
Net receivable	$ 64,439	$ 678,396	$ 47,782		$ 790,617

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5. RECEIVABLES AND PAYABLES BETWEEN FUNDS AND COMPONENT UNITS

Receivables and payables between funds and component units at June 30, 1995 are summarized as follows (amounts in thousands):

	Due from	Due to
General Fund:		
Special Revenue Funds:		
Federal Grants	$ 4,068	$ 0
Local Aid	10,400	
Capital Projects Funds:		
General	49,033	
Highway	131,085	
Local Aid	41,855	
Other	489	
Component Unit:		
MBTA		33,906
RTA		30,199
MCCA		13,516
Economic Development Authorities		4,214
Trust and Agency Funds:		
Pension Trust	2,830	
University and College Fund:		
Current - Unrestricted	6,442	
Subtotal	246,202	81,835
Special Revenue Funds:		
General Fund		14,468
Component Units:		
MBTA		255,245
RTA		23,139
Subtotal		292,852
Capital Projects Funds:		
General Fund		222,462
Capital Projects Funds:		
Highway	22,975	
Federal Highway Construction		22,975
Component Units:		
Economic Development Authorities		32
WPAT		6,526
Subtotal	22,975	251,995

5. RECEIVABLES AND PAYABLES BETWEEN FUNDS AND COMPONENT UNITS (CONTINUED)

	Due from	Due to
Internal Service Funds:		
University and College Funds:		
Current and unrestricted	28,367	
Subtotal	28,367	
Fiduciary Funds:		
General Fund		2,830
Subtotal		2,830
University and College Fund:		
General Fund		6,442
Internal Service Funds:		
Employees Workers' Compensation		28,367
University and College Fund:		
Current - unrestricted	1,232	33,315
Current - restricted	32,460	
Loan	220	
Endowment		180
Plant	489	906
Subtotal	34,401	69,210
Component Units:		
General Fund	81,835	
Special Revenue Funds:		
Federal Grants		
Highway Fund	92,795	
Local Aid	185,589	
Capital Projects Funds:		
General	32	
Local Aid	6,526	
Subtotal	366,777	
TOTAL	$ 698,722	$ 698,722

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

6. FIXED ASSETS

Primary Government-

General Fixed Asset Account Group Changes in general fixed assets by category at June 30, 1995 are as follows (amounts in thousands):

	Balance at June 30, 1994	Additions and Adjustments	Retirements and Adjustments	Balance at June 30, 1995
Land	$ 455,089	$ 24,559	$ 3,281	$ 476,367
Buildings	2,224,052	75,302	17,922	2,281,432
Machinery and equipment	369,383	91,157	34,038	426,502
Construction in progress	18,158	14,864	14,795	18,227
Total	$3,066,682	$205,882	$70,036	$3,202,528

College and University Fund Type – Fixed assets consist of the following at June 30, 1995 (amounts in thousands):

Land	$ 40,696
Buildings	1,614,312
Machinery and equipment	541,996
Construction in progress	5,640
	2,202,644
Less: accumulated depreciation (hospital and group practice plan)	124,214
Total	$2,078,430

6. FIXED ASSETS (CONTINUED)

Component Units – Fixed assets reported in the Commonwealth's Component Units consist of the following at June 30, 1995 (amounts in thousands):

	Amount
Land and improvements	$ 245,355
Structures and improvements	4,246,946
Equipment, furniture, fixtures and vehicles	1,673,921
Total	6,166,222
Less accumulated depreciation	1,541,281
Net fixed assets	4,624,941
Property held for expansion	7,439
Construction in progress	530,398
Total	$5,162,778

7. SHORT-TERM FINANCING AND CREDIT AGREEMENTS

Primary Government -

Section 47 of Chapter 29 of the Massachusetts General Laws authorizes the Treasurer to issue temporary notes in anticipation of revenue or bond financing. When this short-term debt does not meet long-term refinancing criteria, it is classified among fund liabilities.

General Fund – As authorized by Chapter 161A of the Massachusetts General Laws, the Commonwealth issues short-term notes to finance working capital advances to the MBTA. The Commonwealth retires these notes through subsequent appropriations and assessments to cities and towns. The notes outstanding at June 30, 1995, totaled $240,000,000, with an interest rate of 4.25% and a yield of 3.45% and mature in June 1996.

The balance of revenue anticipation notes (RANs) fluctuates during the fiscal year but must be reduced to zero at June 30. During fiscal year 1995, there were no RANs issued and outstanding.

Capital Projects Funds – The Commonwealth had issued five-year term minibonds, which are redeemable upon demand, to finance its capital projects. At June 30, 1995, there were no minibonds outstanding.

The Commonwealth may issue bond anticipation notes (BANs) to temporarily finance its capital projects, but it must reduce the balance to $200,000,000 at June 30. There were no such notes outstanding at June 30, 1995. Subsequent to year end, in October 1995 $190,000,000 of BANs were issued; as of the date of this report, $98,000,000 remains outstanding.

7. SHORT-TERM FINANCING AND CREDIT AGREEMENTS (CONTINUED)

Letter-of-Credit Agreements During fiscal year 1995, the Commonwealth maintained letter-of-credit agreements with several banks in order to provide credit and liquidity support for its commercial paper program. The letters of credit were available to secure up to $400,000,000 of Commonwealth commercial paper plus interest thereon. Advances were available, subject to certain limitations and bearing interest at the bank rate as defined, in anticipation of revenue or bond proceeds and repayable by the following June 30, subject to extension in certain circumstances, at the Commonwealth's option. No such advances were drawn during the fiscal year ended June 30, 1995, or subsequent thereto. These agreements expire September 30, 1996 through October 29, 1996. The average costs are approximately 0.085 % on unutilized amounts and approximately 0.12% on utilized amounts.

Line-of-Credit Agreement During fiscal year 1995, the Commonwealth maintained a line of credit with a bank to provide liquidity support for up to $200,000,000 of commercial paper notes, which line of credit expires September 30, 1996. The average costs of all lines of credit are approximately 0.06% on unutilized amounts and approximately 0.085% on utilized amounts.

Component Units -

MBTA short-term notes payable outstanding at June 30, 1995 totaled $345,000,000. Of this amount, $180,000,000 are due September 8, 1995 with an interest rate of 5.0% and $165,000,000 mature March 1, 1996 with an interest rate of 5.5%.

The MBTA also issued commercial paper to act as financing for capital expenditures. At June 30, 1995, $107,705,000 of this commercial paper was outstanding.

Subsequent to June 30, 1995, The Massachusetts Bay Transportation Authority issued $180,000,000 of revenue anticipation notes carrying an interest rate of 5.0%. The notes mature on September 30, 1998.

The RTAs had the following short-term notes payable outstanding at June 30, 1995: Pioneer Valley $12,000,000, Merrimack Valley $7,004,000, Southeast Regional $6,000,000; Worcester Regional $12,460,000; Brockton Area $7,800,000; Montachusett $7,300,000; Lowell $4,400,000; all other regional transit authorities $11,391,000. All notes mature during fiscal year 1996 and have interest rates ranging from 2.62% to 4.50%.

Subsequent to June 30, 1995, Brockton Area Transit Authority rolled over $7,000,000 of revenue anticipation notes carrying an interest rate of 4.4% due July 1996; Lowell Regional Transit Authority rolled over $4,250,000 of revenue anticipation notes with 4.10% due July 1996. Other regional transit authorities rolled over $3,900,000 of operating assistance notes at 4.0-5.0%; all due in 1996.

8. LONG-TERM DEBT

Under the Constitution of the Commonwealth of Massachusetts, the Commonwealth may borrow money (a) for defense, or in anticipation of receipts from taxes or other sources, any such loan to be paid out of the revenue of the year in which the loan is made, or (b) by a two-thirds vote of the members of each house of the Legislature present and voting thereon. In addition, the Commonwealth may give, loan or pledge its credit by a two-thirds vote of the members of each house of the Legislature present and voting thereon, but such credit may not in any manner be given or loaned to or in aid of any individual, or of any private association, or of any corporation which is privately owned or managed

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including bonds and notes issued by it and all claims with respect thereto However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires legislative appropriation. Enforcement of a claim for the payment of principal or interest on bonds and notes of the Commonwealth may also be subject to the provisions of federal or Commonwealth statutes, if any, enacted to extend the time for payment or impose other constraints upon enforcement.

As of June 30, 1995, the Commonwealth had three types of bonds outstanding: general obligation, dedicated income tax and, special obligation. The general obligation bonds are authorized and issued primarily to provide funds for Commonwealth-owned capital projects and local government improvements. They are backed by the full faith and credit of the Commonwealth and paid from the Governmental Funds, in which debt service principal and interest payments are appropriated. Massachusetts General Laws provide for the allocation of bon ' proceeds to these authorizations in arrears, as expenditures are made, unless the proceeds are allocated at the time of issuance.

The dedicated income tax bonds relate entirely to the deficit financing authorization of fiscal year 1990. As a remedy to that financial situation, the Legislature authorized bonds, to be repaid from tax revenues within seven years.

The Commonwealth also issues special obligation revenue bonds as authorized under Massachusetts General Laws. Such bonds may be secured by all or a portion of revenues credited to the Highway Fund and are not general obligations of the Commonwealth. At June 30, 1995, the Commonwealth had outstanding $394,700,000 of such bonds, secured by a pledge of 6.86 cents of the 21 cent per gallon motor fuel excise tax collected on gasoline.

For financial reporting purposes, long-term bonds are carried at their face amount, which includes discount and any issuance costs financed. The outstanding amount represents the total principal to be repaid; for capital appreciation bonds, it represents total principal and interest to be repaid. When short-term debt has been refinanced on a long-term basis, it is reported as outstanding as its face amount

The amount of bonds authorized but unissued is measured in accordance with Commonwealth statutes Only the net proceeds of bonds (exclusive of discount and costs of issuance) are deducted from the total authorized by the Legislature.

8. LONG-TERM DEBT (CONTINUED)

General obligation, dedicated income tax and special obligation long-term bonds outstanding (including discount and issuance costs) and bonds authorized-unissued at June 30, 1995, are as follows (amounts in thousands):

Purpose	Outstanding Amount	Maturities	Authorized - Unissued
Deficit reduction:			
Fiscal recovery	$ 618,980	1995-1998	$ 57,274
Capital projects:			
General	6,218,311	1995-2025	2,403,124
Highway	1,846,877	1995-2016	2,409,675
Local aid	862,706	1995-2015	1,050,535
Other	81,592	1995-2025	22,199
Capital projects debt	9,009,486		5,885,533
Total	$9,628,466		$5,942,807

Interest rates on the Commonwealth's bonded debt outstanding at June 30, 1995 ranged from 0.10% to 14.25%.

Changes in long-term bonds outstanding (including discount and issuance costs) and bonds authorized - unissued for the year ended June 30, 1995, are as follows (amounts in thousands):

Balance, July 1, 1994	$9,427,745	$4,512,297
General and special obligation bonds:		
Principal less discount and issuance costs	809,862	(809,862)
Discount and issuance costs	15,139	
General obligation refunding bonds	499,095	
Bonds retired (excluding minibonds)	(646,280)	
Refunded bonds	(477,095)	
Increase in bonds authorized		2,252,288
Expiration of authorizations		(11,916)
Balance, June 30, 1995	$9,628,466	$5,942,807

8. LONG-TERM DEBT (CONTINUED)

At June 30, 1995, debt service requirements to maturity for principal (including discount, capital appreciation and issuance costs) and interest are as follows (amounts in thousands)

Year Ending June 30	Principal	Interest	Total
1996	$ 684,266	$ 488,605	$ 1,172,871
1997	719,135	460,173	1,179,308
1998	641,621	412,171	1,053,792
1999	569,942	377,398	947,340
2000	588,664	344,117	932,781
2001 and thereafter	6,424,838	2,135,158	8,559,996
Total	$9,628,466	$4,217,622	$13,846,088

Subsequent to June 30, 1995, the Commonwealth issued $26,100,000 in general obligation bonds , with variable interest rates, $200,000,000 in general obligation bonds, with interest rates ranging from 4% to 5.625%, and $250,000,000 in general obligation bonds with an interest rate of 5.125%.

Statutory Debt Limit - In fiscal year 1990, Massachusetts General Laws were amended to establish a limit on the amount of direct debt outstanding, effective at the beginning of fiscal year 1991. By statutorily limiting the Commonwealth's ability to issue direct debt, this limit provides a control on annual capital spending. The first-year limit was $6,800,000,000, with an increase of 5% allowed in each successive fiscal year The statutory debt limit for fiscal year 1995 was $8,265,443,000.

For purposes of determining compliance with the limit, direct debt is defined to include general obligation bonds and minibonds at the amount of their original net proceeds. It excludes bond anticipation notes and discount and issuance costs, if any, financed by these bonds. It also excludes dedicated income tax bonds, special obligation bonds, refunded bonds, and certain refunding bonds. Outstanding direct debt, as defined, totaled approximately $7,625,462,000 at June 30, 1995.

Variable Rate Bonds - In 1990, the Commonwealth issued $1,339,100,000 in debt to finance the state's accumulated operating deficits. Some $380,100,000 of that debt was issued as variable rate debt, of which $148,700,000 was outstanding on June 30, 1995. Payment of the principal and interest on the variable rate bonds is guaranteed through letters of credit entered into between the Commonwealth and certain banks. To limit its exposure to the fluctuating interest rates on the variable rate debt, the Commonwealth entered into interest rate swap agreements with two investment banking firms. Under these agreements, the Commonwealth receives payments from the firms approximately equal to the variable interest rate paid by the Commonwealth on the bonds, and, in return, makes fixed payments to the firms. The fixed payments made by the Commonwealth are equivalent to fixed interest rates of 6.225% on $23,700,000 of the outstanding bonds, 6.7895% on $75,000,000 of the bonds and 6.839% on the remaining $50,000,000 of bonds

8. LONG-TERM DEBT (CONTINUED)

Advance Refundings and Defeased Bonds As authorized by the Massachusetts General Laws, the Commonwealth advance refunded certain general obligation and other bonds through the issuance of $499,095,000 of general obligation refunding bonds during fiscal year 1995. Proceeds totaling approximately $513,622,000, including bond premiums, were used to purchase U.S. Government securities which were deposited in irrevocable trusts with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the liabilities therefore have been removed from the General Long-term Obligations Account Group. As a result of these advance refundings, the Commonwealth decreased current year debt service payments and has taken advantage of lower interest rates, and it has decreased its aggregate debt service payments by approximately $33,255,000 over the next 20 years and incurred an economic gain (the difference between the present values of the debt service payments of the refunded and refunding bonds) of approximately $21,090,000. At June 30, 1995, approximately $477,095,000 of the bonds refunded remain outstanding and are considered defeased.

In prior years, the Commonwealth also defeased certain general obligation and other bonds by placing the proceeds of bonds in irrevocable trusts to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the financial statements. At June 30, 1995, approximately $2,106,000,000 of bonds outstanding from advance refundings in prior fiscal years are considered defeased.

Changes in General Long-term Obligations – The Commonwealth records its liability for long-term bonds in the General Long-term Obligations Account Group. Other general long-term obligations recognized by the Commonwealth are its obligations under capital lease agreements (Note 12), school construction grants to partially reimburse cities and towns for their debt service payments on bonds issued to finance construction of local or regional schools (Note 1), compensated absences (Note 1), unfunded pension costs (Note 10).

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

8. LONG-TERM DEBT (CONTINUED)

General Long Term Debt Obligations Account Group – During the year ended June 30, 1995, the following changes occurred in liabilities reported in the General Long-term Obligations Account Group (amounts in thousands):

	Long-term Bonds	Capital Leases	School Construction Grants	Compensated Absences
Balance, July 1, 1994	$9,427,745	$50,954	$2,070,709	$81,823
Bond issuances	1,308,957			
Bond discount	15,139			
Bond principal payments (excluding minibonds)	(1,123,375)			
Excess of total pension contributions made over total contributions required				
Balance to internal service fund				
Net increase (decrease)		1,303	545,320	9,488
Balance, June 30, 1995	$9,628,466	$52,257	$2,616,029	$91,311

	Unfunded Pension Costs	Claims, Judgments, and Other	Total
Balance, July 1, 1994	$2,579,432	$435,595	$14,646,258
Bond issuances			1,308,957
Bond discount			15,139
Bond principal payments (excluding minibonds)			(1,123,375)
Excess of total pension contributions made over total contributions required	(145,183)		(145,183)
Balance to internal service fund		(341,620)	(341,620)
Net increase (decrease)		(31,629)	524,482
Balance, June 30, 1995	$2,434,249	$ 62,346	$14,884,658

8. LONG-TERM DEBT (CONTINUED)

University and College Fund – Building authorities related to the University of Massachusetts and the state colleges have issued bonds for construction of higher education facilities and equipment. Such bonds are guaranteed by the Commonwealth in an aggregate amount not to exceed $182,000,000. The bond agreements generally provide that revenues from student fees are pledged as collateral on the bonds and establish bond reserve funds, bond funds, and maintenance reserve funds. The University of Massachusetts has also entered into various loan agreements as a participant in the Massachusetts Health and Educational Facilities Authority's ongoing capital asset program to finance construction projects and equipment.

University and College Fund long-term debt outstanding at June 30, 1995 was as follows (amounts in thousands):

Purpose	Interest Rates	Amount	Maturity Dates
MHEFA capital asset program	Variable	$ 28,891	1995-2023
Building authorities	3.0% - 9.2%	255,424	1995-2017
		$ 284,315	

Maturities of principal are as follows (amounts in thousands):

Years Ending June 30	Amount
1996	$ 8,815
1997	9,885
1998	10,870
1999	11,815
2000	12,540
2001 and thereafter	230,390
Total	$ 284,315

Changes in bonds outstanding reported in the University and College Fund Type are as follows (amounts in thousands):

	Amount
Balance, July 1, 1994	$ 248,246
Principal less issuance and discount cost	51,363
Principal issuance of refunding bonds	148,925
Bonds retired, net of amortization of discount	(164,219)
Balance, June 30, 1995	$ 284,315

8. LONG-TERM DEBT (CONTINUED)

University and College Fund (Continued)

The University of Massachusetts acquired a telecommunications system through debt financed through certificates of participation which bear interest at an average rate of 7.38% and mature in varying semi-annual installments through fiscal year 2000. Lease payments are funded from UMass student fees and approximate the trustee's payments to certificate holders.

Changes in non-cancelable certificates of participation for the University and College Fund Type are as follows (amounts in thousands):

Years Ending June 30	Amount
1996	$ 2,670
1997	2,671
1998	2,668
1999	2,671
2000	2,673
Total payments	13,353
Less: Amount representing interest	(2,418)
Present value of debt financed	$ 10,935

In prior years, the University and College Fund building authorities advanced refunded certain bonds through the issuance of $148,925,000 cf refunding bonds during fiscal 1995. The proceeds were used to purchase U.S. Government securities which were deposited in irrevocable trusts with an escrow agent to provide for all future debt service payments of the refunded bonds. Accordingly, the trust account asset and liability for the defeased bonds are not included in the accompanying financial statements. As a result of these advance refundings, the authorities decreased current year debt service payments and has taken advantage of lower interest rates, and it has decreased its aggregate debt service payments by approximately $19,528,000 over the next twenty-one years and incurred an economic gain (the difference between the present values of the debt service payments of the refunded and refunding bonds) of approximately $9,866,000. At June 30, 1995, approximately $172,343,000 outstanding of bonds from prior advance refundings of the University and College Fund building authorities are considered defeased.

8. LONG-TERM DEBT (CONTINUED)

Component Units

Bonds and notes outstanding at June 30, 1995, net of unamortized discount of $18,844,000 and unamortized deferred loss on refunding of $128,995,000 are as follows (amounts in thousands):

Purpose	Interest Rates	Amount	Maturity Dates
MBTA:			
General transportation system	3.83% - 7.45%	$2,252,563	2005 - 2025
Boston Metropolitan District	4.48 - 7.10	47,685	2002 -2025
RTAs:			
Transportation bonds		30	1995 - 1997
MCCA:			
Current interest serial bonds	3.45 - 6.00	114,818	1996 - 2008
Compound interest serial bonds	5.375 - 6.80	58,224	2000 - 2013
WPAT:			
Serial bonds	2.00 - 6.25	333,610	1995 - 2015
Term bonds	5.25 - 6.375	110,725	2013 - 2015
Economic Development:			
Notes payable	4.71 - 9.11	41,428	1996 - 2002
Total		$2,959,083	

Maturities of principal are as follows (amounts in thousands):

Years Ending June 30	MBTA	RTAs	WPAT	MCCA	Economic Development	Total
1996	$ 72,364	$ 15	$ 16,920	$ 18,105	$ 6,577	$ 113,981
1997	77,369	15	17,160	19,105	7,345	120,994
1998	80,902		17,615	20,195	8,014	126,726
1999	84,089		18,380	21,375	6,552	130,396
2000	87,402		19,220	22,670	7,266	136,558
2001 and thereafter	2,045,341		355,040	72,212	5,674	2,478,267
Total	$2,447,467	$ 30	$444,335	$173,662	$ 41,428	$3,106,922

The amounts above represent the face amount of bonds and notes outstanding and may differ from the amounts included in the combined balance sheet due to treatment of original issue discount in the general purpose financial statements.

8. LONG-TERM DEBT (CONTINUED)

Component Units (Continued)

During the fiscal year ended June 30, 1995, the following changes occurred in bonds and notes payable reported in the Component Units (amounts in thousands):

	MBTA	RTAs	WPAT	MCCA	Economic Development	Total
Balance, July 1, 1994	$2,074,440	$ 45	$319,535	$190,238	$17,248	$2,601,506
Principal less discount issuance costs	288,110		139,835		26,089	454,034
Debt retired, net of amortization of discount	(54,208)	(15)	(15,035)	(17,196)	(1,909)	(88,363)
Deferred loss on refunding	(8,094)					(8,094)
Balance, June 30, 1995	$2,300,248	$ 30	$444,335	$173,042	$41,428	$2,959,083

The MBTA issued certificates of participation in the amounts of $28,565,000 on December 15, 1988 and $85,795,000 on August 30, 1990 to finance the purchase of commuter rail coaches. Under the terms of the applicable agreement, the MBTA's obligation to make the annual payments on the certificates is subject to the Commonwealth's appropriation of necessary funds in its annual budget. The certificates bear interest at rates ranging from 6.3% to 7.8% and mature as follows (amounts in thousands):

Year Ending June 30	Amount
1996	$ 1,150
1997	1,150
1998	1,150
1999	1,150
2000	1,150
2001 and thereafter	15,915
Total	$21,665

In prior years, the Massachusetts Bay Transportation Authority defeased in-substance several General Transportation System Bonds by placing the proceeds of new bonds in an irrevocable trust fund to provide for future debt service payments on the old debt. These payments began in 1995. Accordingly, the trust account asset and the liability for the defeased bonds are not included in the accompanying financial statements. On June 30, 1995, $1,169,430,000 of these bonds outstanding are considered defeased.

8. LONG-TERM DEBT (CONTINUED)

Component Units (Continued) – The legislation under which the MBTA was established provides that if, at any time, the MBTA is unable to meet any interest or principal payments due on its debt, sufficient funds will be remitted by the Commonwealth to meet such obligations.

On February 22, 1995, Pioneer Valley Transit Authority (PVTA) issued certification of participation of $9,930,000 to finance the purchase of buses. Under the terms of the greement, PVTA is obligated to make annual payments on the certificates subject to the Commonwealth's appropriating the necessary funds in the Authority's annual budget. The certificates bear the interest rate at rates ranging from 5% to 5.7% and mature as follows:

Year Ending June 30	
1996	$ 1,245
1997	1,245
1998	1,240
1999	1,240
2000	1,240
Thereafter	3,720
Total	$ 9,930

The legislation which authorizes the issuance of Massachusetts Convention Center Authority debt provides for participation by the Commonwealth in the full payment of the annual debt service costs.

9. INDIVIDUAL FUND DEFICITS:

Certain funds within the Governmental Fund Type and Proprietary Fund Type have fund deficits at June 30, 1995, as follows (amounts in thousands):

Fund	Amount
General	$ 25,253
Special Revenue:	
Local Aid	141,277
Lotteries	8,647
Capital Projects:	
General	101,290
Highway	239,927
Local Aid	62,391
Other	1,122
Internal Service Funds:	
Employees Workers Compensation	270,800
Employees Group Health Insurance	50,010

9. INDIVIDUAL FUND DEFICITS (CONTINUED):

The deficit in the General Fund reflects the accrual of liabilities for Medicaid claims at June 30, 1995, and for subsidies to transit authorities for operating deficits incurred but not yet funded. These liabilities will be paid in subsequent periods as the Legislature appropriates funds The General Fund deficit has improved significantly and the Local Aid Fund has incurred a deficit due to legislation shifting payments of transit subsidies totaling $116,000,000 from the General Fund to the Local Aid Fund. The deficit in the Internal Service Fund reflects the accruals for workers' compensation and group insurance claims of $320,810,000. Funding of these deficits is dependent upon legislation actions to develop an actuarial funding plan The deficits in the Lottery Fund reflect the impact of accruals, created essentially by timing differences, which reverse in the next fiscal year.

In the Capital Projects Funds, deficits reflect the time lag between capital expenditures and the receipt or allocation of proceeds from the sale of related bonds Subsequently, on August 1, 1995, August 9, 1995 and November 1, 1995, the Commonwealth issued $26,100,000, $200,000,000 and $250,000,000, respectively, in general obligation bond related to the capital projects funds.

10. RETIREMENT SYSTEMS

Primary Government –

The Commonwealth is statutorily responsible for the pension benefits for Commonwealth employees (members of the State Employees' Retirement System) and for teachers of the cities, towns, regional school districts throughout the Commonwealth and Quincy College (members of the Teachers' Retirement System, except for teachers in the Boston public schools, who are members of the State-Boston Retirement System but whose pensions are also the responsibility of the Commonwealth). Employees of certain independent authorities and agencies, such as the MBTA, and of counties, cities and towns (other than teachers) are covered by separate retirement systems. The members of the retirement systems do not participate in the Social Security System. The Commonwealth has also assumed responsibility for payment of cost-of-living adjustments (COLA) for the separate (non-teacher) retirement systems of its cities, towns and counties.

Certain Commonwealth employees and current retirees employed prior to the establishment of the State Employees' Retirement System are covered on a "pay-as-you-go" basis.

Plan Descriptions –

State Employees' Retirement System (SERS) is a single employer defined benefit public employee retirement system (PERS), covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies. The SERS is administered by the Commonwealth and is part of the reporting entity.

Teachers' Retirement System (TRS) is an agent multiple employer defined benefit PERS. The Commonwealth is a non-employer contributor and is responsible for all contributions and future benefit requirements of the TRS. The TRS covers certified teachers in cities (except the City of Boston), towns, regional school districts and Quincy College The TRS is administered by the Commonwealth and is part of the reporting entity.

10. RETIREMENT SYSTEMS (CONTINUED)

State – Boston Retirement System (SBRS) is an agent multiple employer defined benefit PERS. SBRS provides provision benefits to all full-time employees upon commencement of employment with any of the various government agencies covered by SBRS. The Commonwealth is a non-employer contributor and is only responsible for the actual cost of pension benefits for SBRS participants who serve in the City of Boston's School Department in a teaching capacity. The cost of pension benefits of the other participants is the responsibility of the City of Boston. SBRS is not administered by the Commonwealth, and it is not part of the reporting entity.

The Commonwealth has assumed financial responsibility for the COLA granted to participants in the 104 retirement systems of cities, towns and counties. Any future COLA granted by the Legislature to employees of these plans will also be the responsibility of the Commonwealth. The individual employer governments are responsible for the basic pension benefits. The retirement systems are not administered by the Commonwealth and are not part of the reporting entity.

Membership – Current membership in SERS, TRS and SBRS as of January 1, 1995 is as follows:

	SERS	TRS	SBRS
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	43,983	30,113	2,344
Current employees:			
Vested	41,277	44,824	3,684
Non-vested	41,652	21,545	2,229
Subtotal	82,929	66,369	5,913
Total	126,912	96,482	8,257

The covered payroll for employees of the Commonwealth covered by SERS was $2,992,428,000. The covered payroll for employees of the cities and towns covered by TRS is $2,667,079,000. The covered payroll for employees of the City of Boston covered by SBRS is $231,694,000. The covered payroll amounts approximate the employer payroll.

Benefit Provisions – Massachusetts General Laws establish uniform benefit and contribution requirements for all contributory PERS. These requirements provide for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, and group classification.

10. RETIREMENT SYSTEMS (CONTINUED)

Benefit Provisions (Continued) – Retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. Average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55.

Funding Status and Progress – The amounts shown below as the pension benefit obligation are a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on an ongoing basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarially determined present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The SERS, TRS and SBRS pension benefit obligations were computed as part of the actuarial valuation as of January 1, 1995. Significant actuarial assumptions used in the calculation of contribution requirements and pension benefit obligation include (a) rates of return on investments of present and future assets of 8% per year (b) projected salary increases of 6% per year (c) cost of living increases of 3% per year and (d) interest rate credited to the annuity savings fund of 5.5% per year.

10. RETIREMENT SYSTEMS (CONTINUED)

Funding Status and Progress (Continued) The total unfunded pension benefit obligation is as follows (amounts in millions)

	SERS	TRS	SBRS	COLA	Total
Pension benefit obligation					
Retirees and others currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	$3,938	$3,912	$ 351	$ 945	$ 9,146
Current employees:					
Accumulated employee contributions including allocated interest	1,962	2,183	188		4,333
Commonwealth financed:					
Non-vested	583	297	31	87	998
Vested	1,711	2,769	220	455	5,155
Total pension benefit obligation	8,194	9,161	790	1,487	19,632
Net assets available for benefits, at market	5,879	6,014	438		12,331
Unfunded pension benefit obligations	$2,315	$3,147	$ 352	$1,487	$ 7,301

Contributions Required and Contributions Made – The retirement systems' funding policies have been established by statute. The annuity portion of the SERS, TRS and SBRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation – 5% for those hired before January 1, 1975, 7% for those hired from January 1, 1975, through December 31, 1983, and 8% for those hired on or after January 1, 1984, plus an additional 2% of compensation above $30,000 per year for those hired on or after January 1, 1979.

10. RETIREMENT SYSTEMS (CONTINUED)

Contributions Required and Contributions Made (Continued) – The Commonwealth's contribution for the pension benefit portion of the retirement allowance of SERS and TRS and required payments to cover SBRS and COLA contributions were originally established on a "pay-as-you-go" basis. As a result, amounts were appropriated each year to pay current benefits, without a systematic provision to fully fund future liabilities already incurred. Beginning in fiscal year 1988, the Commonwealth enacted the Pension Reform Act of 1987 and addressed the unfunded liability of SERS, TRS and its participation in SBRS and its COLA obligation. This legislation requires funding on a current basis, including amortizing the unfunded liabilities and liabilities for future COLA payments to local systems, over 40 years.

This legislation also directs the Secretary for Administration and Finance to prepare a funding schedule to meet these requirements, and to update this funding schedule every three years on the basis of new actuarial valuation reports prepared under the Secretary's direction. Any such schedule is subject to legislative approval. If a schedule is not so approved, payments are to be made in accordance with the most recently approved schedule. This legislation further provides that if, during the first ten years of scheduled payments, the pension benefits paid exceed the scheduled contribution, the Commonwealth's contribution shall equal these benefit payments.

The current legislatively approved funding schedule, based on the January 1, 1993 valuation, was filed with the Legislature on October 26, 1994. It required contributions by the Commonwealth of $889,985,000 during the fiscal year ended June 30, 1995. Because total benefit payments exceeded this amount, no additional Commonwealth contribution was required.

GAAP requires that pension expenditures (costs) be based on an acceptable actuarial cost method and that they be not less than:

- Normal cost
- Interest on any unfunded prior service costs
- A provision for vested benefits when the total present value of vested benefits exceeds by 5% or more the value of the plan

The funding schedule discussed above follows an acceptable actuarial funding methodology to compute normal cost and the unfunded accrued actuarial liability. However, the amortization of the accrued actuarial liability has been legislatively determined to be lower in the first years of the 40-year funding period. The cumulative difference between the total contributions required and the total contributions made is recorded as a liability in the General Long-term Obligations Account Group.

10. RETIREMENT SYSTEMS (CONTINUED)

Contributions Required and Contributions Made (Continued) – Contributions required and made based on the minimum expenditure recognition required by GAAP are as follows (amounts in millions).

	SERS	TRS	SBRS	COLA	Total
Minimum contribution requirement:					
Normal cost	$ 414	$ 334	$ 31	$ 48	$ 827
Amortization of unfunded actuarial liability	12	70	12	31	125
Interest on unfunded actuarial liability	91	111	11	67	280
Total contributions required	$ 517	$ 515	$ 54	$ 146	$ 1,232
Contributions made:					
By employees	$ 219	$ 183	$ 14	$ 0	$ 416
% of covered payroll	7.31 %	6.85 %	6.09 %	N/A	N/A
By the Commonwealth	435	350	28	97	910
% of covered payroll	14.53 %	13.12 %	12.21 %	N/A	N/A
Total contributions made	$ 654	$ 533	$ 42	$ 97	$ 1,326

The total contributions required for SERS, TRS and SBRS are based on the entry age normal cost method using the same actuarial assumptions used to compute the pension benefit obligation.

During the year ended June 30, 1995, the Commonwealth's pension expenditure also included payments totaling $21,881,000 to current retirees employed prior to the establishment of the current plans and to non-contributory plans.

10. RETIREMENT SYSTEMS (CONTINUED)

Trend Information – The following table presents the required three-year trend information:

	Year	% SERS	% TRS	% SBRS
Net assets available for benefits as a percentage of the pension benefit obligation applicable to employees:	1995	71.8	65.6	55.4
	1994	64.7	66.5	61.6
	1993	60.3	60.9	52.7
Unfunded pension benefit obligation as a percentage of annual covered payroll:	1995	77.3	118.0	152.2
	1994	101.9	116.7	126.5
	1993	114.4	135.8	161.9
Commonwealth's contributions to the pension plan as a percentage of annual covered payroll:	1995	14.5	13.1	12.2
	1994	13.8	12.8	12.9
	1993	14.3	12.5	13.2

Ten-year historical trend information for SERS, TRS and SBRS may be found on page 168 of the Commonwealth's Comprehensive Annual Financial Report. This report presents information about progress made in accumulating sufficient assets to pay benefits when due.

Certain information was not available for SERS, TRS and the Commonwealth's participation in SBRS. Total annual payroll for SERS, TRS and SBRS approximates annual covered payroll; however, actual annual total payroll amounts are not available this year, and have not been available in prior years. Annual covered payroll amounts were not available prior to 1990. Ten-year trend data of SBRS for revenues and expenditures is not available in their separately issued report.

Component Units -

Condensed Pension Information – Of the 27 discretely presented component units 22 maintain separate pension plans.

Postretirement Health Care and Life Insurance Benefits – In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies. The Commonwealth recognizes its share of the costs of providing these benefits when paid. These payments totaled approximately $133,467,000 for the fiscal year ended June 30, 1995.

11. DEFERRED COMPENSATION PLAN

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the Commonwealth and its political subdivisions, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Commonwealth (without being restricted to the provision of benefits under the plan), subject only to the claims of the Commonwealth's general creditors and its political subdivisions participating in the plan. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. All plan assets are stated at market value.

It is the opinion of the Commonwealth that it has no liability for losses under the plan, but it does have the duty of due care which would be required of an ordinary prudent investor. The plan assets are subject to the claims of the Commonwealth's general creditors; however, plan assets have not been used in the past to satisfy such claims.

Of the $1,215,348,000 in the plan at June 30, 1995, $817,929,000 was applicable to the Commonwealth; the remaining $397,419,000 represents the assets of cities and towns participating in the plan. The assets and liabilities of the deferred compensation plan are included in Agency Funds at June 30, 1995.

12. LEASES

Primary Government –

In order to finance the acquisition of equipment, the Commonwealth has entered into various lease/purchase agreements, including tax-exempt lease purchase (TELP) agreements which are accounted for as capital leases. These agreements are for various terms and contain clauses indicating that their continuation is subject to appropriation by the Legislature.

At June 30, 1995, the Commonwealth's aggregate outstanding liability under capital leases, the present value of the net minimum lease payments, totals $52,257,000. This liability is reported in the General Long-term Obligations Accounts Group. Equipment acquired under capital leases and included in the General Fixed Assets Account Group totals approximately $75,692,000.

The Commonwealth leases real property and equipment under numerous operating lease agreements for varying terms. These agreements contain clauses which indicate that their continuation is subject to appropriation by the Legislature. Rental expense for the year ended June 30, 1995 was approximately $119,838,000.

12. LEASES (CONTINUED)

Primary Government –

The following is a schedule of future minimum lease payments under non-cancelable leases for the Commonwealth as of June 30, 1995 (amounts in thousands):

Years Ending June 30	Capital Leases	Operating Leases
1996	$19,147	$ 95,751
1997	15,794	71,360
1998	10,506	60,609
1999	8,162	45,935
2000	2,980	34,416
2001 and thereafter	3,705	20,750
Total payments	60,294	$328,821
Less: amount representing interest	(8,037)	
Present value of minimum lease payments	$52,257	

University and College Fund – At June 30, 1995, aggregate outstanding liability under capital leases, the present value of the net minimum lease payments, totaled $19,422,000. Equipment acquired under capital leases and included in University and College Fund fixed assets totaled approximately $32,265,000.

The University and College Fund Type leases real property and equipment under numerous operating lease agreements for varying terms. Rental expense for the fiscal year ended June 30, 1995 was approximately $16,309,000.

The following schedule summarizes future minimum payments under non-cancelable leases for the University and College Fund Type (amounts in thousands):

Years Ending June 30	Capital Leases	Operating Leases
1996	$ 6,378	$ 6,959
1997	5,349	5,589
1998	3,931	4,751
1999	3,018	3,769
2000	1,537	1,053
2001 and thereafter	2,325	902
Total payments	22,538	$ 23,023
Less: amount representing interest	3,116	
Present value of minimum lease payments	$ 19,422	

12. LEASES (CONTINUED)

Component Units –

The MBTA has entered into several sale-leaseback agreements with major financial institutions, covering equipment and rolling stock, which have been accounted for as operating leases. The leases expire through 2013. Upon termination, the MBTA may purchase the equipment and rolling stock at prices equal to the lesser of a stated percentage (40%-70%) of the lessor's original purchase price or residual fair market value, as defined.

The Economic Development Authorities and the RTA's have operating leases for office space.

The future minimum rental payments required under operating leases having initial or remaining non-cancelable lease terms in excess of one year are as follows (amounts in thousands):

Years Ending June 30	MBTA	RTAs	Economic Development Authorities
1996	$ 12,068	$5,700	$ 2,763
1997	12,068		2,704
1998	13,669		2,523
1999	12,523		1,722
2000	12,909		1,177
2001 and thereafter	163,305		1,950
Total payments	$ 226,542	$5,700	$ 12,839

13. COMMITMENTS

Primary Government –

Governmental Funds – The Commonwealth is obligated to provide annual subsidies to the MBTA and regional transit authorities for contract assistance, debt service assistance and their net cost of service deficiencies. For fiscal year 1995, these subsidies totaled $557,437,000 for the MBTA and $50,193,000 for the RTA's. The net cost of service subsidy is recognized as a current liability of the Commonwealth, but is funded in arrears. At June 30, 1995, the Commonwealth has recorded the unpaid portion as a liability due to the MBTA of $289,151,000 and due to RTA's of $53,338,000. The cities and towns served by the MBTA and RTA's will be assessed their proportionate shares of the net cost of service. A receivable from cities and towns of $212,889,000 is recorded at June 30, 1995, to account for these future reimbursements. The MBTA has also recorded net deferred charges of $47,346,000 at June 30, 1995, which will be included in the Commonwealth's net cost of service subsidy in future periods. The Commonwealth has recognized its liability for these future costs in the General Long-term Obligations Account Group.

The Commonwealth is also statutorily obligated to provide contract assistance for debt service obligations to the MCCA and the Government Land Bank. Such assistance totaled $30,605,454 in fiscal year 1995

13. COMMITMENTS (CONTINUED)

At June 30, 1995, the aggregate outstanding debt for which the Commonwealth is obligated to provide contract assistance support totaled approximately $2,673,220,000 long-term and $417,523,000 short-term. In addition, the Commonwealth guarantees the debt of certain local governments and of the building authorities included in the University and College Fund. The guaranteed debt outstanding at June 30, 1995, was approximately $254,542,000.

At June 30, 1995, the Commonwealth had commitments approaching $1,081,048,285 for various construction projects. The majority relate to new construction funding for a major infrastructure program known as the Central Artery Project, in which federal participation is anticipated. The remainder relate to a wide range of building construction projects.

Pension Trust Funds – At June 30, 1995, PRIT had outstanding commitments to invest $292,000,000 in real estate, $40,162,000 in venture capital and $170,953,000 in special equity investments.

University and College Fund Type – The UMass hospital has agreements with Blue Cross of Massachusetts, Inc., the Social Security Administration under the Medicare program and the Commonwealth of Massachusetts under the Medicaid program that govern payments to the hospital for services rendered to patients covered by these programs and require the hospital to prepare and file settlement reports annually. Provisions have been made in the financial statements for the estimated final settlements.

Component Units -

As of June 30, 1995, the WPAT has agreed to provide loans of $103,000,000 to various local government units to be funded with grant awards received through June 30, 1995.

Government Land Bank was committed to issuing $10,540,000 of mortgages at June 30, 1995. the Bank, through the Emerging Technology Fund (ETF), was committed to issuing approximately $15,097,500 of loan guarantees at June 30, 1995.

Massachusetts Housing Partnership Fund (MHP) has executed ten loan agreements with seven banks for an amount of $179,958,333 pursuant to the Massachusetts Nationwide Interstate Banking and Community Reinvestment Act (Chapter 102 of the Acts of 1990). These bank loan agreements are the source of funding to borrowers through MHP.

14. CONTINGENCIES

Primary Government -

Governmental Funds - The General Fund services claims for all risks of loss for which the Commonwealth is exposed, other than workers' compensation and employee group health and life insurance which are managed in its Internal Service Funds. A number of lawsuits are pending or threatened against the Commonwealth which arose from the ordinary course of operations. These include claims for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. For those cases in which it is probable that a loss will be incurred and the amount of the potential judgment can be reasonably estimated or a settlement or judgment has been reached but not paid, the Attorney General estimates the liability to be approximately $79,400,000. Of this amount, approximately $64,400,000, which is expected to be paid during fiscal year 1996, is recorded in General Fund liabilities; approximately $15,000,000 expected to be paid thereafter, is recorded as a liability in the General Long-Term Obligations Account Group. The General Fund allocates the cost of providing claims servicing and claims payment by charging a premium to each fund based on claims paid during the year.

The Commonwealth receives significant financial assistance from the federal government. Entitlement to the resources is generally conditional upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowances become liabilities of the fund which received the assistance. As of June 30, 1995, the Commonwealth estimates that liabilities, if any, which may result from such audits are not material.

The Commonwealth's abandoned property law requires deposit of certain unclaimed assets into a managed Fiduciary Fund. These unclaimed assets less the amount, ultimately expected to be reclaimed and paid ($2,994,000 for fiscal year 1995), are to be remitted to the General Fund each June 30, where it is included in miscellaneous revenue. Amounts remitted during fiscal year 1995 totaled approximately $68,000,000. Since inception, approximately $552,660,000 has been remitted. This represents a contingency, because claims for refunds can be made by the owners of the property.

Internal Service Fund - It is the policy of the Commonwealth of Massachusetts to manage its risks internally and self-insure for claim settlements for risk of loss relating to workers' compensation and group health insurance in its Internal Service Fund. The Internal Service Fund allocates the cost of providing claims servicing and claims payment by charging a premium to each fund based on actual claims paid during the year. All risk financing liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include amounts for claims that have been incurred but not reported. Claims liabilities are revaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Workers' compensation and group health insurance costs for Commonwealth employees are recognized when losses are incurred. The Commonwealth's outstanding liability for such losses at June 30, 1995, including claims incurred but not reported, is estimated to be $367,797,000.

14. CONTINGENCIES (CONTINUED)

The Commonwealth has assumed responsibility for workers' compensation claims for all contractors and subcontractors working on the Central Artery project. The Commonwealth's liability as of June 30, 1995 for such claims including incurred but not reported claims is estimated to be $65,000,000 The Commonwealth has established reserves through a combination of bond proceeds and federal funds in its capital project funds to pay these liabilities.

Changes in the balance of claims and judgments liabilities during fiscal 1995 were as follows (amounts in thousands):

	Amount
Liability at beginning of year	$668,109
Current year claims and changes in estimates	696,363
Claims payments	764,114
Liability at end of year	$600,358

University and College Fund Type – The University of Massachusetts is contingently liable for $20,500,000 of Massachusetts Health and Educational Facilities Authority revenue bonds, issued by the University of Massachusetts Foundation, Inc. In the event the Foundation fails to make any payment, the University will transfer any amounts unpaid and due to the Foundation.

Component Units -

The Massachusetts Convention Center Authority was involved in six lawsuits arising primarily as a result of the Phase II expansion and renovation of the Hynes Convention Center since January 1989. Three cases have been dismissed pursuant to a settlement of July 28, 1994 for an amount of $15,500,000. The authority had retained security deposits of $12,900,000 plus interest of $2,600,000 against the cost of the settlement. An initial payment of $12,500,000 was made in July 1994, and the remaining balance is payable in separate installments during fiscal year 1996 and 1997.

15. ACCOUNTING CHANGES

For the fiscal year ended June 30, 1995, the Commonwealth adopted Governmental Accounting Standard Board Statement No. 10 (GASB 10) "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues " GASB 10 establishes accounting and financial reporting standards for risk financing and insurance-related activities of governmental entities, including public entity risk pools.

15. ACCOUNTING CHANGES (CONTINUED)

As a result of the adoption of GASB 10, and under the authority of Massachusetts General Laws Chapter 29, Section 5, certain risk financing activities, as discussed in Note 1 m, which have previously been reported within the Governmental Funds and General Long-term Obligations Account Group are now recorded in the Internal Service Funds The effect of adopting GASB 10 on the Commonwealth's Governmental Funds is shown as an equity transfer on the statement of revenues, expenditures and changes in fund balances. The effect on the General Long-term Obligations Account Group is a reduction of the beginning of year liability for claims and judgments and a decrease in beginning retained earnings in the Internal Service Fund of $341,620,000.

During fiscal 1995, the Commonwealth adopted the provisions of GASB No. 21, "Accounting for Escheat Property." This statement requires that escheat property generally to be reported in either an expendable trust fund or the fund to which the property ultimately escheats As a result of the adoption of GASB 21, escheat property which was previously reported as an agency fund is now reported in an expendable trust fund The effect of adopting GASB 21 did not have a material effect on the Commonwealth's general purpose financial statements.

Combining and Individual Fund and Account Group Financial Statements, Schedules and Required Supplementary Information

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Comparative Financial Statements
General Fund

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COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

GENERAL FUND

The General Fund is the Commonwealth's primary Governmental Fund. All governmental activities not specifically directed to another fund are accounted for in the General Fund. As a result, most budgeted operating expenditures of the Executive Secretariats, the Legislature, Constitutional Offices, and independent commissions and a portion of expenditures for the judicial system are paid from the General Fund. It similarly receives a significant portion of sales, individual income and corporate taxes, and the full amount of most other governmental taxes.

Revenues and expenditures associated with federal reimbursement-based programs are accounted for in the General Fund. These programs have various reimbursement formulas.

The Commonwealth provides grants and contract assistance to several of the authorities it reports as component units. Most of these grant and contract assistance activities are recorded in the General Fund.

COMMONWEALTH OF MASSACHUSETTS
COMPARATIVE BALANCE SHEET -
GENERAL FUND
JUNE 30, 1995
(Amounts in thousands)

	1995	1994
ASSETS		
Cash and short-term investments	$ 158,495	$ 33,975
Cash with fiscal agent	714	786
Receivables, net of allowance for uncollectibles:		
Taxes	672,993	612,921
Due from federal government	494,433	580,130
Other receivables	187,624	179,002
Due from cities and towns	215,242	213,331
Due from other funds	246,202	9,897
Total assets	$ 1,975,703	$ 1,630,042
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 1,012,372	$ 1,239,818
Accrued payroll	34,260	62,098
Compensated absences	92,587	90,493
Tax refunds and abatements payable	342,310	335,988
Due to component units	81,835	326,228
Due to federal government	32,778	30,780
Deferred revenue	100,414	95,382
Claims and judgments	64,400	132,937
Notes payable	240,000	240,000
Total liabilities	2,000,956	2,553,724
Fund deficit:		
Unreserved	(25,253)	(923,682)
Total fund deficit	(25,253)	(923,682)
Total liabilities and fund balances	$ 1,975,703	$ 1,630,042

COMMONWEALTH OF MASSACHUSETTS
COMPARATIVE STATEMENTS OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	1995	1994
Revenues:		
Taxes	$ 6,923,009	$ 6,550,346
Assessments	202,831	207,933
Federal grants and reimbursements	2,841,932	2,908,959
Departmental	586,838	502,139
Miscellaneous	101,154	174,040
Total revenues	**10,655,764**	**10,343,417**
Other financing sources:		
Proceeds of capital leases	17,869	33,550
Operating transfers in	407,861	350,455
Total other financing sources	**425,730**	**384,005**
Total revenues and other financing sources	**11,081,494**	**10,727,422**
Expenditures:		
Current:		
Legislature	46,550	43,096
Judiciary	35,550	62,863
Inspector General	1,434	1,394
Governor and Lieutenant Governor	4,747	4,330
Secretary of the Commonwealth	9,479	9,082
Treasurer and Receiver-General	91,589	95,968
Auditor of the Commonwealth	10,453	10,253
Attorney General	19,339	15,671
Ethics Commission	540	512
District Attorney		8,035
Office of Campaign and Political Finance	319	302
Disabled Persons Protection Commission	1,330	1,514
Comptroller	6,121	6,369
Administration and finance	712,896	709,556
Environmental affairs	23,594	23,084
Communities and development	99,656	109,715
Health and human services	3,426,485	3,291,038
Transportation and construction	17,114	51,194
Education	527	488
Educational affairs	2,058	1,956
Higher education	70,697	65,402
Public safety	337,628	330,119
Economic affairs	12,524	16,903
Elder affairs	126,483	125,587
Consumer affairs	28,421	25,845
Labor	21,102	20,898
Medicaid	3,212,620	3,176,777
Pension	247,140	233,777
Debt service:		
Principal retirement	543,957	513,278
Interest and fiscal charges	338,478	352,575
Total expenditures	**9,448,831**	**9,307,581**
Other financing uses:		
Operating transfers out	7,518	6,923
Transfers of appropriations	650,151	632,609
Transfers to component units	155,002	582,453
Total other financing uses	**812,671**	**1,221,985**
Total expenditures and other financing uses	**10,261,502**	**10,529,566**
Excess of revenues and other financing sources over expenditures and other financing uses	**819,992**	**197,856**
Fund deficit at beginning of year	**(923,682)**	**(1,121,538)**
Equity transfer	**78,437**	
Fund deficit at end of year	**$ (25,253)**	**$ (923,682)**

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Combining Financial Statements –
Special Revenue Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to finance specific functions or activities carried out by the Commonwealth.

Federal Grants - to account for federal grant monies that are designated for specific programs, excluding federal highway construction grants, which are accounted for in the Federal Capital Projects Fund, and federal reimbursement programs such as Medicaid, and AFDC which are accounted for in the General Fund.

Highway - to account for user gas taxes and highway fees which finance highway maintenance and safety services, Mass Transit Systems, and which provide matching funds, as required, for federally sponsored highway projects.

Local Aid - to account for lottery operating surpluses and forty percent of sales, income, corporate and a portion of other taxes which have been earmarked for distribution to cities and towns or are used to finance programs that benefit local communities, and a major portion of the court systems.

Environmental - to account for a variety of fees, fines, and other revenues which finance programs to preserve, protect and enhance the environment.

Lotteries - to account for the operations of the State and Arts Lotteries, which have been established primarily to finance the Local Aid Fund.

Universal Health Care - to account for assessments and other revenues that are dedicated to making health care and health insurance accessible and affordable to all citizens of the Commonwealth.

Oil Overcharge - to account for the fines and penalties collected under federal regulation from certain oil companies doing business in the Commonwealth, and interest thereon, being accumulated to provide fuel assistance and weatherization for low income residents.

Other - to account for a variety of miscellaneous taxes, assessments, fees, fines, and other revenues restricted to the financing of specific Commonwealth programs.

On the Commonwealth's statutory basis of accounting, the following funds are reported as Budgeted Special Revenue Funds and included in the Combined Statement of Revenues Expenditures and Changes in Fund Balances - Statutory Basis - Budget and Actual - General and Budgeted Special Revenue Funds. In accordance with generally accepted accounting principles, these funds are reported in the General Fund.

Commonwealth Stabilization - to account for amounts calculated in accordance with state finance law and maintained as a reserve to enhance the Commonwealth's fiscal stability.

Administrative Control - to account for the revenues generated by certain administrative functions of government, for which the Legislature had required that a separate fund be established.

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET -
SPECIAL REVENUE FUNDS
JUNE 30, 1995
(Amounts in thousands)

	Federal Grants	Highway	Local Aid	Environmental
ASSETS				
Cash and short-term investments	$ 0	$ 429,090	$ 3,128	$ 54,829
Cash with fiscal agent		15,722		
Receivables, net of allowance for uncollectibles:				
Taxes		42,967	424,106	625
Due from federal government	124,680	43		582
Other receivables		956		37,320
Due from cities and towns			626	
Due from other funds				
Total assets	**$ 124,680**	**$ 488,778**	**$ 427,860**	**$ 93,356**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 86,848	$ 17,878	$ 96,459	$ 15,347
Accrued payroll	3,015	3,957	933	742
Compensated absences	10,737	17,378	22,286	3,391
Tax refunds and abatements payable			227,767	
Due to other funds	4,068		10,400	
Due to component units		92,795	185,589	
Due to federal government				
Deferred revenue		226	25,703	28,342
Claims and judgments				
Other accrued liabilities	7			
Total liabilities	**104,675**	**132,234**	**569,137**	**47,822**
Fund balances (deficits):				
Reserved for retirement of indebtedness		15,722		
Unreserved	20,005	340,822	(141,277)	45,534
Fund balances (deficits)	**20,005**	**356,544**	**(141,277)**	**45,534**
Total liabilities and fund balances	**$ 124,680**	**$ 488,778**	**$ 427,860**	**$ 93,356**

Lotteries	Universal Health Care	Oil Overcharge	Other	Totals 1995	Totals 1994
$ 26,530	$ 56,855	$ 14,202	$ 95,793	$ 680,427	$ 1,023,832
				15,722	4,328
			10,799	478,497	432,216
			24,639	149,944	145,162
7,471	51,416	2	7,106	104,271	95,396
				626	1,177
					149,972
$ 34,001	**$ 108,271**	**$ 14,204**	**$ 138,337**	**$ 1,429,487**	**$ 1,852,083**
$ 33,412	$ 5,080	$ 272	$ 30,459	$ 285,755	$ 362,597
	24	8	415	9,094	18,831
1,612	3	21	785	56,213	52,601
				227,767	216,813
				14,468	
				278,384	100,763
			373	373	2,100
7,624	21,664		78	83,637	70,912
					23,714
	60,188			60,195	62,791
42,648	**86,959**	**301**	**32,110**	**1,015,886**	**911,122**
				15,722	4,328
(8,647)	21,312	13,903	106,227	397,879	936,633
(8,647)	**21,312**	**13,903**	**106,227**	**413,601**	**940,961**
$ 34,001	**$ 108,271**	**$ 14,204**	**$ 138,337**	**$ 1,429,487**	**$ 1,852,083**

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Federal Grants	Highway	Local Aid	Environmental
Revenues:				
Taxes	$ 0	$ 493,708	$ 3,675,422	$ 7,203
Assessments		13,456		15,336
Federal grants and reimbursements	1,187,134	4,466		3,503
Departmental		322,359	626	47,235
Miscellaneous	81	1,395	246	20,989
Total revenues	1,187,215	835,384	3,676,294	94,266
Other financing sources:				
Operating transfers in	55		631,537	59
Total revenues and other financing sources	1,187,270	835,384	4,307,831	94,325
Expenditures:				
Current:				
Judiciary	293		318,121	
Inspector General	209			
Secretary of the Commonwealth	660		3,740	
Treasurer and Receiver-General	1,916	803	4,841	28
Auditor of the Commonwealth			754	
Attorney General	2,127	10	68	
Ethics Commission			550	
District Attorney	920		44,525	
Office of Campaign & Political Finance			325	
Board of Library Commissioners	2,412		2,340	
Comptroller	15			
Administration and finance	3,954	4,980	85,433	905
Environmental affairs	17,566	24,508	34,835	68,015
Communities and development	211,879		26,782	
Health and human services	270,776	17	732	
Transportation and construction	4,299	90,079		39
Education	364,172		95,505	
Educational affairs	983		2,036	
Higher education	3,910		177	
Public safety	21,139	171,605	182,403	11,555
Economic affairs	169,728		150	
Elder affairs	25,617		9,343	
Consumer affairs	19	1,938		
Labor	980			
Medicaid			39,600	
Pension		67,626	573,629	910
Direct local aid		43,472	2,932,767	
Debt service:				
Principal retirement		118,817	30,736	
Interest and fiscal charges		138,593	60,438	
Total expenditures	1,103,574	662,448	4,449,830	81,452
Other financing uses:				
Operating transfers out	74,598	1,787	94,269	12,492
Transfers of appropriations		17	218	1,514
Transfers to component units	51	95,714	394,252	
Total other financing uses	74,649	97,518	488,739	14,006
Total expenditures and other financing uses	1,178,223	759,966	4,938,569	95,458
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	9,047	75,418	(630,738)	(1,133)
Fund balances (deficits) at beginning of year	7,534	276,393	482,639	45,855
Equity transfer	3,424	4,733	6,822	812
Fund balances (deficits) at end of year	$ 20,005	$ 356,544	$ (141,277)	$ 45,534

Lotteries	Universal Health Care	Oil Overcharge	Other	Totals 1995	Totals 1994
$ 2,833	$ 0	$ 0	$ 159,811	$ 4,338,977	$ 4,061,025
	319,001		21,784	369,577	336,576
	15,000		36,213	1,246,316	1,255,412
2,944,146	331,414		41,138	3,686,918	3,241,766
12,876	148	905	7,921	44,561	78,667
2,959,855	**665,563**	**905**	**266,867**	**9,686,349**	**8,973,446**
	272,849		60,711	965,211	863,831
2,959,855	**938,412**	**905**	**327,578**	**10,651,560**	**9,837,277**
			1,706	320,120	275,618
				209	
				4,400	2,597
2,253,496			673	2,261,757	1,956,433
				754	733
			831	3,036	2,496
				550	563
			5,585	51,030	39,304
			47	372	334
				4,752	5,411
				15	
	85	13	67,265	162,635	173,863
		150	5,592	150,666	146,198
		1,917		240,578	248,030
	673,560		118,956	1,064,041	1,034,452
				94,417	68,958
			26,682	486,359	457,391
			1,355	4,374	1,155
				4,087	1,898
			7,843	394,545	365,305
	2,519	1,226	13,309	186,932	195,977
				34,960	29,839
			4,058	6,015	6,502
			1,666	2,646	2,208
				39,600	39,350
				642,165	596,415
				2,976,239	2,727,313
			1,831	151,384	118,016
			854	199,885	167,290
2,253,496	**676,164**	**3,306**	**258,253**	**9,488,523**	**8,663,649**
713,460	282,594	193	25,827	1,205,220	1,122,183
			426	2,175	2,302
			9,702	499,719	116,751
713,460	**282,594**	**193**	**35,955**	**1,707,114**	**1,241,236**
2,966,956	**958,758**	**3,499**	**294,208**	**11,195,637**	**9,904,885**
(7,101)	(20,346)	(2,594)	33,370	(544,077)	(67,608)
(1,957)	41,626	16,484	72,387	940,961	1,008,569
411	32	13	470	16,717	
$ (8,647)	$ 21,312	$ 13,903	$ 106,227	$ 413,601	$ 940,961

COMMONWEALTH OF MASSACHUSETTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - STATUTORY BASIS - BUDGET AND ACTUAL - BUDGETED SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Highway			Local Aid		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	$ 476,700	$ 492,879	$ 16,179	$ 3,799,800	$ 3,640,609	$ (159,191)
Assessments		13,456	13,456			
Federal grants and reimbursements	8,400	4,466	(3,934)	200		(200)
Departmental	345,700	324,319	(21,381)	2,400	627	(1,773)
Miscellaneous		1,391	1,391		246	246
Total revenues	**830,800**	**836,511**	**5,711**	**3,802,400**	**3,641,482**	**(160,918)**
Other financing sources						
Operating transfers in				629,500	631,537	2,037
Stabilization transfer						
Total other financing sources				**629,500**	**631,537**	**2,037**
Total revenues and other financing sources	**830,800**	**836,511**	**5,711**	**4,431,900**	**4,273,019**	**(158,881)**
Expenditures						
Judiciary				319,298	316,227	3,071
Secretary of the Commonwealth				3,856	3,773	83
Treasurer and Receiver-General	949	803	146	5,492	4,841	651
Auditor of the Commonwealth				754	754	
Attorney General	10	10		68	68	
Ethics Commission				551	551	
District Attorney				44,284	43,891	393
Office of Campaign & Political				328	327	1
Board of Library Commissioners				2,339	2,335	4
Comptroller						
Administration and finance	5,074	4,971	103	96,564	85,329	11,235
Environmental affairs	24,825	24,423	402	38,791	37,799	992
Communities and development				27,568	26,844	724
Health and human services	17	17		10,971	729	10,242
Transportation and construction	141,538	135,820	5,718	97,485	90,033	7,452
Education				98,441	94,997	3,444
Educational affairs				2,153	2,036	117
Higher education	26	15	11	410	395	15
Public safety	172,999	171,335	1,664	184,378	182,109	2,269
Economic affairs				150	150	
Elder Affairs				9,369	9,343	26
Consumer affairs	2,035	1,996	39	3		3
Medicaid				39,600	39,600	
Pension	70,250	67,626	2,624	593,964	573,625	20,339
Direct local aid	43,472	43,472		2,942,272	2,932,768	9,504
Debt service						
Principal retirement	127,303	118,817	8,486	30,756	30,736	20
Interest and fiscal charges	143,552	138,593	4,959	60,438	60,438	
Total expenditures	**732,050**	**707,898**	**24,152**	**4,610,283**	**4,539,698**	**70,585**
Other financing uses						
Fringe benefit cost assessment					38,421	(38,421)
Operating transfers out	60,022	60,022		156,460	160,913	(4,453)
Stabilization transfer					11,172	(11,172)
Total other financing uses	**60,022**	**60,022**		**156,460**	**210,506**	**(54,046)**
Total expenditures and other financing uses	**792,072**	**767,920**	**24,152**	**4,766,743**	**4,750,204**	**16,539**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	**38,728**	**68,591**	**29,863**	**(334,843)**	**(477,185)**	**(142,342)**
Fund balances at beginning of year	**356,100**	**356,100**		**400,425**	**400,425**	
Fund balances at end of year	**$ 394,828**	**$ 424,691**	**$ 29,863**	**$ 65,582**	**$ (76,760)**	**$ (142,342)**

Commonwealth Stabilization			Environmental		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$	$ 0	$	$ 7,100	$ 7,188	$ 88
				14,645	14,645
			3,800	3,537	(263)
11,000		(11,000)	68,199	47,475	(20,724)
	14,568	14,568		20,943	20,943
11,000	**14,568**	**3,568**	**79,099**	**93,788**	**14,689**
				60	60
	27,930	27,930			
	27,930	**27,930**		**60**	**60**
11,000	**42,498**	**31,498**	**79,099**	**93,848**	**14,749**
			70	68	2
			75,724	68,508	7,216
			500		500
			50	39	11
			1,584	1,508	76
			12,318	11,559	759
			945	911	34
			400		400
			91,591	**82,593**	**8,998**
				12,492	(12,492)
			5	5	
			5	**12,497**	**(12,492)**
			91,596	**95,090**	**(3,494)**
11,000	**42,498**	**31,498**	**(12,497)**	**(1,242)**	**11,255**
382,907	**382,907**		**43,411**	**43,411**	
$ 393,907	**$ 425,405**	**$ 31,498**	**$ 30,914**	**$ 42,169**	**$ 11,255**

(Continued)

COMMONWEALTH OF MASSACHUSETTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - STATUTORY BASIS - BUDGET AND ACTUAL -
BUDGETED SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Administrative Control			Other Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Taxes	$ 272,100	$ 264,944	$ (7,156)	$ 154,300	$ 153,906	$ (394)
Assessments						
Federal grants and reimbursements						
Departmental	2,984	79,028	76,044	26,620	23,722	(2,898)
Miscellaneous		17,637	17,637		188	188
Total revenues	275,084	361,609	86,525	180,920	177,816	(3,104)
Other financing sources						
Fringe benefit cost recovery		2,851	2,851			
Operating transfers in		37,000	37,000		20,456	20,456
Stabilization transfer						
Total other financing sources		39,851	39,851		20,456	20,456
Total revenues and other financing sources	275,084	401,460	126,376	180,920	198,272	17,352
Expenditures						
Judiciary						
Secretary of the Commonwealth	25	24	1			
Treasurer and Receiver-General				672	672	
Auditor of the Commonwealth						
Attorney General				849	837	12
Ethics Commission						
District Attorney				5,759	5,691	68
Office of Campaign & Political Finance						
Board of Library Commissioners						
Comptroller	525	525				
Administration and finance	80,499	78,167	2,332	17,188	15,131	2,057
Environmental affairs	855	847	8	775	730	45
Communities and development						
Health and human services	694	538	156	123,190	117,571	5,619
Transportation and construction	1,060	1,026	34			
Education				27,119	26,682	437
Educational affairs				1,357	1,355	2
Higher education	49	49		467	419	48
Public safety	7,252	7,133	119	5,147	4,929	218
Economic affairs				15,862	13,945	1,917
Elder Affairs						
Consumer affairs				3,180	2,480	700
Medicaid						
Pension						
Direct Local Aid						
Debt service						
Principal retirement	220,908	220,830	78	7	7	
Interest and fiscal charges	50,471	50,471		3	3	
Total expenditures	362,338	359,610	2,728	201,575	190,452	11,123
Other financing uses						
Fringe benefit cost assessment		490	(490)		3,366	(3,366)
Operating transfers out	4,433	4,433		7	7	
Stabilization transfer						
Total other financing uses	4,433	4,923	(490)	7	3,373	(3,366)
Total expenditures and other financing uses	366,771	364,533	2,238	201,582	193,825	7,757
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(91,687)	36,927	128,614	(20,662)	4,447	25,109
Fund balances at beginning of year	1,447	1,447		36,947	36,947	
Fund balances at end of year	$ (90,240)	$ 38,374	$ 128,614	$ 16,285	$ 41,394	$ 25,109

Total Budgeted Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
$ 4,710,000	$ 4,559,526	$ (150,474)
	28,101	28,101
12,400	8,003	(4,397)
456,903	475,171	18,268
	54,973	54,973
5,179,303	5,125,774	(53,529)
	2,851	2,851
629,500	689,053	59,553
	27,930	27,930
629,500	719,834	90,334
5,808,803	5,845,608	36,805
319,298	316,227	3,071
3,881	3,797	84
7,113	6,316	797
754	754	
927	915	12
551	551	
50,043	49,582	461
328	327	1
2,339	2,335	4
525	525	
199,395	183,666	15,729
140,970	132,307	8,663
28,068	26,844	1,224
134,872	118,855	16,017
240,133	226,918	13,215
125,560	121,679	3,881
3,510	3,391	119
2,536	2,386	150
382,094	377,065	5,029
16,012	14,095	1,917
9,369	9,343	26
5,218	4,476	742
39,600	39,600	
665,159	642,162	22,997
2,985,744	2,976,240	9,504
379,374	370,390	8,984
254,464	249,505	4,959
5,997,837	5,880,251	117,586
	54,769	(54,769)
220,927	225,380	(4,453)
	11,172	(11,172)
220,927	291,321	(70,394)
6,218,764	6,171,572	47,192
(409,961)	(325,964)	83,997
1,221,237	1,221,237	
$ 811,276	$ 895,273	$ 83,997

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Combining Financial Statements –
Capital Projects Funds

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COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the financial resources used to acquire or construct major capital assets and to finance local capital projects.

General - to account for proceeds of bonds sold to fund the construction or acquisition of capital assets for general Commonwealth purposes, excluding highway construction and projects targeted for specific localities or purposes.

Highway - to account for the proceeds of bonds sold to finance construction of state highways and to fund the Commonwealth's share of federally-sponsored highway construction.

Federal Highway Construction - to account for federal highway construction projects which, with the Commonwealth's required share of matching funds, finance interstate highways and similar projects within Massachusetts to promote a nationwide highway system.

Local Aid - to account for the proceeds of bonds sold to finance the construction of correctional facilities, water pollution abatement projects and other local projects in specific localities of the Commonwealth.

Other - to account for the proceeds of bonds sold to finance land acquisition for economic development, preservation and recreational purposes, and other capital projects.

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET -
CAPITAL PROJECTS FUNDS
JUNE 30, 1995
(Amounts in thousands)

	General	Highway
ASSETS		
Cash and short-term investments	$ 0	$ 0
Restricted investments		
Receivables, net of allowance for uncollectibles:		
Due from federal government		
Other receivables		
Due from other funds		
Total assets	**$ 0**	**$ 0**
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 51,407	$ 81,670
Accrued payroll	330	641
Compensated absences	488	3,556
Due to other funds	49,033	154,060
Due to component unit	32	
Due to federal government		
Deferred revenue		
Claims and judgments		
Bonds and notes payable		
Total liabilities	**101,290**	**239,927**
Fund balances (deficits):		
Reserved for claims and judgments		
Unreserved	(101,290)	(239,927)
Fund balances (deficits)	**(101,290)**	**(239,927)**
Total liabilities and fund balances	**$ 0**	**$ 0**

Federal Highway Construction	Local Aid	Other	Totals 1995	Totals 1994
$ 0	$ 0	$ 0	$ 0	$ 2,636
				83,319
121,584			121,584	155,301
871			871	1,271
22,975			22,975	20,632
$ 145,430	**$ 0**	**$ 0**	**$ 145,430**	**$ 263,159**
$ 144,199	$ 13,965	$ 632	$ 291,873	$ 305,902
254	45	1	1,271	1,980
3			4,047	3,799
	41,855	489	245,437	170,604
	6,526		6,558	18,180
233			233	
596			596	880
				3,715
				49,062
145,285	**62,391**	**1,122**	**550,015**	**554,122**
				83,319
145	(62,391)	(1,122)	(404,585)	(374,282)
145	**(62,391)**	**(1,122)**	**(404,585)**	**(290,963)**
$ 145,430	**$ 0**	**$ 0**	**$ 145,430**	**$ 263,159**

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	General	Highway
Revenues:		
Federal grants and reimbursements	$ 1,459	$ 0
Departmental		
Miscellaneous		
Total revenues	1,459	
Other financing sources:		
Proceeds of general obligation bonds	332,574	368,911
Proceeds of refunding bonds	262,172	193,561
Operating transfers in		
Other	34,114	11,312
Total other financing sources	628,860	573,784
Total revenues and other financing sources	630,319	573,784
Expenditures:		
Capital outlay:		
Local aid		
Capital acquisition and construction	225,011	365,695
Total expenditures	225,011	365,695
Other financing uses:		
Payments to refunded bond escrow agent	262,172	193,561
Operating transfers out	3,139	169,133
Transfers of bond proceeds	22,938	
Transfers to component units	5,657	
Total other financing uses	293,906	362,694
Total expenditures and other financing uses	518,917	728,389
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	111,402	(154,605)
Fund balances (deficits) at beginning of year	(212,914)	(85,852)
Equity transfer	222	530
Fund balances (deficits) at end of year	$ (101,290)	$ (239,927)

			Totals	
Federal Highway Construction	Local Aid	Other	1995	1994
$ 948,828	$ 0	$ 0	$ 950,287	$ 944,738
				629
76			76	2,033
948,904			**950,363**	**947,400**
	106,073	2,304	809,862	690,206
	47,305	10,584	513,622	835,796
160,442			160,442	152,542
	195	3,441	49,062	35,371
160,442	**153,573**	**16,329**	**1,532,988**	**1,713,915**
1,109,346	**153,573**	**16,329**	**2,483,351**	**2,661,315**
	94,301		94,301	100,105
1,105,170		1,905	1,697,781	1,463,602
1,105,170	**94,301**	**1,905**	**1,792,082**	**1,563,707**
	47,305	10,584	513,622	835,796
7,352	53		179,677	169,965
			22,938	15,324
	3,392		9,049	2,195
7,352	**50,750**	**10,584**	**725,286**	**1,023,280**
1,112,522	**145,051**	**12,489**	**2,517,368**	**2,586,987**
(3,176)	**8,522**	**3,840**	**(34,017)**	**74,328**
83,682	**(70,917)**	**(4,962)**	**(290,963)**	**(365,291)**
(80,361)	4		**(79,605)**	
$ 145	$ (62,391)	$ (1,122)	$ (404,585)	$ (290,963)

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Combining Financial Statements –
Internal Service Funds

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COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the risk financing and Insurance related activities of the Commonwealth.

Employees Workers Compensation - Accounts for the activities of the Commonwealths self Insurance program for Workers Compensation for state employees.

Central Artery Workers Compensation - Accounts for the Commonwealth Insurance Program for all contractors and sub contractors on the Commonwealth's Central Artery/ Third Harbor Tunnel Project.

Employees Group Health Insurance - Accounts for the Commonwealth Group Health and life Insurance programs for Commonwealth Employees and Retirees.

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET -
INTERNAL SERVICE FUNDS
JUNE 30, 1995
(Amounts in thousands)

	Employees Workers Compensation	Central Artery Workers Compensation	Employees Group Health Insurance	Total 1995
ASSETS				
Restricted investments	$ 0	$ 162,391	$ 0	$ 162,391
Assets held in trust			18,620	18,620
Due from other funds	28,367			28,367
Total assets	**$ 28,367**	**$ 162,391**	**$ 18,620**	**$ 209,378**
LIABILITIES AND FUND EQUITY				
Liabilities:				
Claims and judgments	$ 299,167	$ 65,000	$ 68,630	$ 432,797
Total liabilities	**299,167**	**65,000**	**68,630**	**432,797**
Fund equity:				
Retained earnings:				
Reserved for central artery workers compensation		97,391		97,391
Unreserved	(270,800)		(50,010)	(320,810)
Total fund equity	**(270,800)**	**97,391**	**(50,010)**	**(223,419)**
Total liabilities and fund equity	**$ 28,367**	**$ 162,391**	**$ 18,620**	**$ 209,378**

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Employees Workers Compensation	Central Artery Workers Compensation	Employees Group Health Insurance	Total 1995
Operating revenues:				
Premiums	50,209	84,296	622,336	756,841
Total operating revenues	**50,209**	**84,296**	**622,336**	**756,841**
Operating expenses:				
Claims and judgments	46,866	11,209	617,867	675,942
Change in incurred but not reported claims	(30,557)	(20,955)	4,479	(47,033)
Net claims and judgments	**16,309**	**(9,746)**	**622,346**	**628,909**
Operating income	**33,900**	**94,042**	**(10)**	**127,932**
Nonoperating revenues:				
Interest income	0	5,985	0	5,985
Nonoperating revenues		**5,985**		**5,985**
Net income	**33,900**	**100,027**	**(10)**	**133,917**
Retained earnings at beginning of year	**0**	**0**	**0**	**0**
Equity transfer	(47,900)	80,684	(48,500)	(15,716)
Balance from general long-term obligations	(256,800)	(83,320)	(1,500)	(341,620)
Retained earnings at end of year	$ (270,800)	$ 97,391	$ (50,010)	$ (223,419)

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Employees Workers Compensation	Central Artery Workers Compensation	Employees Group Health Insurance	Total 1995
Cash flows from operating activities:				
Operating income (loss)	$ 33,900	$ 94,042	$ (10)	$ 127,932
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Change in assets and liabilities:				
Assets held in trust			(4,469)	(4,469)
Due from other funds	3,343			3,343
Claims and judgments, net	(37,243)	62,364	4,479	29,600
Total adjustments	(33,900)	62,364	10	28,474
Net cash provided by (used for) operating activities		156,406		156,406
Cash flows from investing activities:				
Purchases of restricted investments		(162,391)		(162,391)
Interest income		5,985		5,985
Net cash provided by (used for) investing activities		(156,406)		(156,406)
Net increase (decrease) in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at beginning of year	0	0	0	0
Cash and cash equivalents at end of year	$ 0	$ 0	$ 0	$ 0
Noncash investing, capital and noncapital, and financing activities:				
Beginning of year liability and equity transfer from the governmental funds and the expendable trust fund.	$ (47,900)	$ 80,684	$ (48,500)	$ (15,716)
Transfer of beginning of year liability from the general long-term obligation account group.	$ (256,800)	$ (83,320)	$ (1,500)	$ (341,620)

Combining Financial Statements –
Fiduciary Funds

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Commonwealth in a trustee capacity or as an agent for individuals, private organizations or other governments.

EXPENDABLE TRUST FUNDS:

Expendable Trust - to account for various gifts, bequests or contributions held by the Commonwealth of which both principal and interest may be expended for purposes designated by the donor.

Unemployment Compensation - to account for unemployment taxes collected from employers and held by the United States Treasury in the Federal Unemployment Trust Fund, from which funds are drawn for the payment of benefits to the unemployed.

NONEXPENDABLE TRUST FUNDS:

Nonexpendable Trust - to account for various gifts and bequests held by the Commonwealth, of which only the income may be expended for purposes specified by the donor.

PENSION TRUST FUNDS:

Public Employee Retirement Systems - to account for the assets, liabilities and fund balances held in trust by the State Employees' and Teachers' Retirement Systems for the payment of retirement, disability and death benefits to members of these retirement systems.

COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

AGENCY FUNDS:

Central Agency Funds - to account for cash and investments held or managed by the Commonwealth on behalf of others, including the investments made by cities, towns and local authorities in the Massachusetts Municipal Depository Trust and Pension Reserves Investment Trust, employees' contributions to the deferred compensation plan, annuity contracts held for lottery prize winners, and local option taxes collected but not yet remitted.

Court Escrow and Client Accounts - to account for assets held in escrow accounts by the Commonwealth's court system pending settlement of outstanding litigation and by the human service departments on behalf of patients, clients and inmates, and for child support payments collected or receivable and not yet remitted to custodial parents.

Statutory Bonds and Deposits - to account for deposits required from insurance companies and similar organizations doing business within the Commonwealth, to protect citizens against the risk of loss due to business failure.

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET -
FIDUCIARY FUND TYPES
JUNE 30, 1995
(Amounts in thousands)

	Expendable Trust Funds	Non-expendable Trust Funds
ASSETS		
Cash and short-term investments	$ 129,066	$ 5,837
Deposits	385,605	
Investments		
Investments of deferred compensation plan		
Annuity contracts		
Assets held in trust		
Receivables, net of allowance for uncollectibles:		
Taxes	311,957	
Due from federal government	2,261	
Loans	7,794	
Other receivables	21,684	
Due from other funds		
Total assets	**$ 858,367**	**$ 5,837**
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 37,202	$ 0
Accrued payroll	220	
Compensated absences	225	
Tax refunds and abatements payable	6,391	
Due to cities and towns		
Due to other funds		
Deferred revenue	30,958	
Prizes payable		
Deferred compensation benefits payable		
Agency liabilities		
Claims and judgments		
Other accrued liabilities	3,003	
Total liabilities	**77,999**	
Fund balances:		
Reserved for pension benefits		
Reserved for unemployment benefits	649,115	
Reserved for non-expendable trusts		5,837
Unreserved	131,253	
Total fund balances	**780,368**	**5,837**
Total liabilities and fund balances	**$ 858,367**	**$ 5,837**

		Totals	
Pension Trust Funds	Agency Funds	1995	1994
$ 429,475	$ 1,069,000	$ 1,633,378	$ 1,749,344
		385,605	33,001
13,054,318	452,412	13,506,730	11,613,208
	1,215,348	1,215,348	945,401
	1,097,652	1,097,652	1,045,084
	1,672,864	1,672,864	1,550,917
		311,957	319,802
		2,261	655
		7,794	7,420
219,141	27,000	267,825	318,767
			2,487
$ 13,702,934	**$ 5,534,276**	**$ 20,101,414**	**$ 17,586,086**
$ 201,490	$ 5,423	$ 244,115	$ 509,678
		220	368
		225	200
		6,391	8,475
	14,292	14,292	11,937
2,830		2,830	6,164
		30,958	29,844
	1,097,652	1,097,652	1,045,084
	1,215,348	1,215,348	945,401
	3,201,561	3,201,561	3,010,656
			167
15,376		18,379	27,116
219,696	**5,534,276**	**5,831,971**	**5,595,090**
13,483,238		13,483,238	11,563,156
		649,115	296,676
		5,837	5,840
		131,253	125,324
13,483,238		**14,269,443**	**11,990,996**
$ 13,702,934	**$ 5,534,276**	**$ 20,101,414**	**$ 17,586,086**

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET -
EXPENDABLE TRUST FUNDS
JUNE 30, 1995
(Amounts in thousands)

ASSETS	Expendable Trust	Unemployment Compensation	Totals 1995	Totals 1994
Cash and short-term investments	$ 129,066	$ 0	$ 129,066	$ 123,763
Deposits		385,605	385,605	33,001
Receivables, net of allowance for uncollectibles:				
Taxes	1,104	310,853	311,957	319,802
Due from federal government	2,261		2,261	655
Loans	7,794		7,794	7,420
Other receivables	5,814	15,870	21,684	19,643
Due from other funds				2,487
Total assets	**$ 146,039**	**$ 712,328**	**$ 858,367**	**$ 506,771**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 10,196	$ 27,006	$ 37,202	$ 43,230
Accrued payroll	220		220	368
Compensated absences	225		225	200
Tax refunds payable		6,391	6,391	8,475
Due to other funds				2,487
Deferred revenue	1,142	29,816	30,958	29,844
Other accrued liabilities	3,003		3,003	
Claims and judgments				167
Total liabilities	**14,786**	**63,213**	**77,999**	**84,771**
Fund balances:				
Reserved for unemployment benefits		649,115	649,115	296,676
Unreserved	131,253		131,253	125,324
Total fund balances	**131,253**	**6[illegible],115**	**780,368**	**422,000**
Total liabilities and fund balances	**$ 146,039**	**$ 712,328**	**$ 858,367**	**$ 506,771**

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Expendable Trust	Unemployment Compensation	Totals 1995	Totals 1994
Revenues:				
Taxes	$ 786	$ 1,146,136	$ 1,146,922	$ 1,125,539
Assessments	2,354		2,354	1,207
Federal grants and reimbursements	11,895	17,433	29,328	257,551
Departmental	5,693		5,693	3,528
Miscellaneous	138,040	12,751	150,791	60,191
Total revenues	**158,768**	**1,176,320**	**1,335,088**	**1,448,016**
Other financing sources:				
Operating transfers in	5,745		5,745	5,863
Other sources	1,503		1,503	138
Total other financing sources	**7,248**		**7,248**	**6,001**
Total revenues and other financing uses	**166,016**	**1,176,320**	**1,342,336**	**1,454,017**
Expenditures:				
Current:				
Judiciary	295		295	3,689
Secretary of the Commonwealth	118		118	4
Treasurer and Receiver-General	2,532		2,532	19
Auditor of the Commonwealth	451		451	167
Attorney General	808		808	1,124
District Attorney	2,925		2,925	3,609
Office of Campaign and Political Finance	254		254	
Board of Library Commissioners	1		1	
Administration and finance	2,582		2,582	1,325
Environmental affairs	5,042		5,042	4,716
Communities and development	2,674		2,674	433
Health and human services	16,721		16,721	20,283
Transportation and construction	626		626	829
Education	1,423		1,423	1,296
Higher education	159		159	79
Public safety	3,165		3,165	3,728
Economic affairs	7,551	823,881	831,432	1,082,791
Elder affairs	59		59	60
Consumer affairs	6,667		6,667	3,538
Labor	33,073		33,073	28,249
Total expenditures	**87,126**	**823,881**	**911,007**	**1,155,939**
Other financing uses:				
Operating transfers out	73,128		73,128	4,776
Total expenditures and other financing uses	**160,254**	**823,881**	**984,135**	**1,160,715**
Excess of revenues and other financing sources over expenditures and other financing uses	**5,762**	**352,439**	**358,201**	**293,302**
Fund balances at beginning of year	**125,324**	**296,676**	**422,000**	**128,698**
Equity transfer	**167**		**167**	
Fund balances at end of year	**$ 131,253**	**$ 649,115**	**$ 780,368**	**$ 422,000**

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET -
PENSION TRUST FUNDS
JUNE 30, 1995
(Amounts in thousands)

ASSETS	State Employees' PERS	Teachers' PERS	Totals 1995	Totals 1994
Cash and short-term investments	$ 210,878	$ 218,597	$ 429,475	$ 536,983
Investments	6,448,580	6,605,738	13,054,318	11,231,187
Other receivables, net of allowance for uncollectibles	93,225	125,916	219,141	280,124
Total assets	**$ 6,752,683**	**$ 6,950,251**	**$ 13,702,934**	**$ 12,048,294**
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 100,579	$ 100,911	$ 201,490	$ 454,345
Due to other funds	1,297	1,533	2,830	3,677
Other accrued liabilities	8,003	7,373	15,376	27,116
Total liabilities	**109,879**	**109,817**	**219,696**	**485,138**
Fund balances:				
Reserved for pension benefits	6,642,804	6,840,434	13,483,238	11,563,156
Total liabilities and fund balances	**$ 6,752,683**	**$ 6,950,251**	**$ 13,702,934**	**$ 12,048,294**

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES - PENSION TRUST FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	State Employees' PERS	Teachers' PERS	Totals 1995	Totals 1994
Operating revenues:				
Commonwealth contributions	$ 434,837	$ 349,903	$ 784,740	$ 743,880
Employee contributions	218,837	182,655	401,492	386,988
Investment income	837,086	878,758	1,715,844	245,446
Total operating revenues	**1,490,760**	**1,411,316**	**2,902,076**	**1,376,314**
Operating expenses:				
Administration	1,297	1,527	2,824	3,677
Retirement benefits and refunds	550,157	429,013	979,170	930,630
Total operating expenses	**551,454**	**430,540**	**981,994**	**934,307**
Net income	**939,306**	**980,776**	**1,920,082**	**442,007**
Fund balances at beginning of year	**5,703,498**	**5,859,658**	**11,563,156**	**11,121,149**
Fund balances at end of year	**$ 6,642,804**	**$ 6,840,434**	**$ 13,483,238**	**$ 11,563,156**

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

	Balance July 1, 1994	Additions	Deductions	Balance June 30, 1995
Central Agency Funds				
ASSETS				
Cash and short-term investments	$ 1,029,348	$ 3,887,921	$ 3,920,558	$ 996,711
Investments	382,021	74,973	4,582	452,412
Investments of deferred compensation plan	945,401	311,108	41,161	1,215,348
Annuity contracts	1,045,084	194,308	141,740	1,097,652
Assets held in trust	14,151		14,151	
Total assets	**$ 3,416,005**	**$ 4,468,310**	**$ 4,122,192**	**$ 3,762,123**
LIABILITIES				
Accounts payable	$ 12,103	$ 1,022,114	$ 1,028,794	$ 5,423
Due to cities and towns	11,937	188,890	186,535	14,292
Due to federal government		56	56	
Prizes payable	1,045,084	194,308	141,740	1,097,652
Deferred compensation benefits payable	945,401	311,108	41,161	1,215,348
Agency liabilities	1,401,480	1,711,835	1,683,907	1,429,408
Total liabilities	**$ 3,416,005**	**$ 3,428,311**	**$ 3,082,193**	**$ 3,762,123**
Court Escrow and Client Accounts				
ASSETS				
Cash and short-term investments	$ 52,597	$ 330,101	$ 311,382	$ 71,316
Assets held in trust	49,862	32,383	39,589	42,656
Other receivables	19,000	27,000	19,000	27,000
Total assets	**$ 121,459**	**$ 389,484**	**$ 369,971**	**$ 140,972**
LIABILITIES				
Agency liabilities	**$ 121,459**	**$ 452,164**	**$ 432,651**	**$ 140,972**
Statutory Bonds and Deposits				
ASSETS				
Cash and short-term investments	$ 813	$ 172	$ 12	$ 973
Assets held in trust	1,486,904	149,807	6,503	1,630,208
Total assets	**$ 1,487,717**	**$ 149,979**	**$ 6,515**	**$ 1,631,181**
LIABILITIES				
Agency liabilities	$ 1,487,717	$ 149,979	$ 6,515	$ 1,631,181
Total liabilities	**$ 1,487,717**	**$ 149,979**	**$ 6,515**	**$ 1,631,181**

Total Agency Funds	Balance July 1, 1994	Additions	Deductions	Balance June 30, 1995
ASSETS				
Cash and short-term investments	$ 1,082,758	$ 4,218,194	$ 4,231,952	$ 1,069,000
Investments	382,021	74,973	4,582	452,412
Investments of deferred compensation	945,401	311,108	41,161	1,215,348
Annuity contracts	1,045,084	194,308	141,740	1,097,652
Assets held in trust	1,550,917	182,190	60,243	1,672,864
Other receivables	19,000	27,000	19,000	27,000
Total assets	**$ 5,025,181**	**$ 5,007,773**	**$ 4,498,678**	**$ 5,534,276**
LIABILITIES				
Accounts payable	$ 12,103	$ 1,022,114	$ 1,028,794	$ 5,423
Due to cities and towns	11,937	188,890	186,535	14,292
Due to federal government		56	56	
Prizes payable	1,045,084	194,308	141,740	1,097,652
Deferred compensation benefits payable	945,401	311,108	41,161	1,215,348
Agency liabilities	3,010,656	2,313,978	2,123,073	3,201,561
Total liabilities	**$ 5,025,181**	**$ 4,030,454**	**$ 3,521,359**	**$ 5,534,276**

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Combining Balance Sheet
University and College Fund Type

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COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

UNIVERSITY AND COLLEGE FUND TYPE

This fund type combines, in accordance with the AICPA Audit Guide for College and Universities, the financial activity from all fund types for: the University of Massachusetts System, including its campuses at Amherst, Boston, Dartmouth, Lowell and Worcester; and, The Teaching Hospital, Group Practice and Building Authority; and, the State College System including nine state Colleges which provide four year post-secondary education and the state College Building authority; and, the Community College system including fifteen community colleges which provide two year-secondary education programs.

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET -
UNIVERSITY AND COLLEGE FUNDS
JUNE 30, 1995
(Amounts in thousands)

	Current Funds	
	Unrestricted	Restricted
ASSETS		
Cash and short-term investments	$ 89,070	$ 4,700
Deposits	48,700	
Investments	145,859	32,549
Receivables, net of allowance for uncollectibles:		
Due from federal government		9,024
Loans		
Other receivables	81,025	32,658
Due from other funds	33,315	
Inventory	15,038	
Fixed assets		
Other assets	8,360	71
Total assets	**$ 421,367**	**$ 79,002**
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 44,507	$ 6,623
Accrued payroll	51,250	2,253
Compensated absences	83,694	1,343
Due to other funds	36,041	32,460
Deferred revenue	7,535	
Claims and judgments	40,815	
Deposits and unearned revenue	6,271	4,244
Other accrued liabilities	69,380	107
Capital leases		
Bonds, notes payable and certificates of participation		
Total liabilities	**339,493**	**47,030**
Fund balances:		
Unrestricted	81,874	
Restricted		31,972
Unexpended plant funds		
Renewals and replacements		
Retirement of indebtedness		
Net investment in plant		
Total fund balances	**81,874**	**31,972**
Total liabilities and fund balances	**$ 421,367**	**$ 79,002**

Loan Funds	Endowment and Similar Funds	Plant Funds	Totals 1995	Totals 1994
$ 654	$ 4,622	$ 32,277	$ 131,323	$ 87,949
		24,064	72,764	55,268
2,957	50,804	38,665	270,834	255,295
			9,024	9,378
47,534	3		47,537	44,471
53		2,312	116,048	130,334
	180	906	34,401	28,459
			15,038	13,572
		2,078,430	2,078,430	2,058,075
		15,638	24,069	9,921
$ 51,198	**$ 55,609**	**$ 2,192,292**	**$ 2,799,468**	**$ 2,692,722**
$ 132	$ 0	$ 4,103	$ 55,365	$ 45,369
		7	53,510	54,078
			85,037	91,348
220		489	69,210	34,679
			7,535	6,016
			40,815	71,981
			10,515	6,997
		2,138	71,625	66,827
		19,422	19,422	19,558
		295,250	295,250	260,933
352		**321,409**	**708,284**	**657,786**
	34,127		116,001	90,358
50,846	21,482		104,300	102,153
		25,120	25,120	25,779
		25,298	25,298	15,677
		16,915	16,915	21,528
		1,803,550	1,803,550	1,779,441
50,846	**55,609**	**1,870,883**	**2,091,184**	**2,034,936**
$ 51,198	**$ 55,609**	**$ 2,192,292**	**$ 2,799,468**	**$ 2,692,722**

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General Fixed Assets Account Group

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COMMONWEALTH OF MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1995

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for the land, buildings, improvements, equipment and construction in progress of the governmental funds.

COMMONWEALTH OF MASSACHUSETTS
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
JUNE 30, 1995
(Amounts in thousands)

GENERAL FIXED ASSETS:		1995
Land	$	476,367
Buildings		2,281,432
Machinery and equipment		426,502
Construction in progress		18,227
Total general fixed assets	$	**3,202,528**

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE:		
Acquired on or before June 30, 1990	$	1,864,905
Acquired subsequent to June 30, 1990 from:		
General Fund		293,206
Special Revenue Funds		30,932
Capital Projects Funds		1,009,158
Expendable Trust Funds		4,327
Total investment in general fixed assets	$	**3,202,528**

Sources of general fixed assets acquired on or before June 30, 1990 are not available.

COMMONWEALTH OF MASSACHUSETTS
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION
JUNE 30, 1995
(Amounts in thousands)

Function	Land	Buildings	Machinery and equipment	Total
Judiciary	$ 251	$ 236,874	$ 3,652	$ 240,777
Inspector General			117	117
Governor and Lieutenant Governor			146	146
Secretary of the Commonwealth	5	18,034	1,604	19,643
Treasurer and Receiver - General			18,116	18,116
Auditor of the Commonwealth			233	233
Attorney General			696	696
Ethics Commission			20	20
District Attorney			2,751	2,751
Office of Campaign and Political Finance			47	47
Board of Library Commissioners			85	85
Comptroller			159	159
Administration and finance	8,681	400,743	125,579	535,003
Environmental affairs	374,823	110,169	47,481	532,473
Communities and development			827	827
Health and human services	38,599	975,570	37,639	1,051,808
Transportation and construction	32,307	10,177	75,200	117,684
Education			1,717	1,717
Educational Affairs			82	82
Higher education			958	958
Public safety	21,518	529,417	82,688	633,623
Economic affairs	183	448	23,964	24,595
Elder affairs			286	286
Consumer affairs			800	800
Labor			1,655	1,655
Total by function	**$ 476,367**	**$ 2,281,432**	**$ 426,502**	**3,184,301**
Construction in progress				18,227
Total general fixed assets				**$ 3,202,528**

COMMONWEALTH OF MASSACHUSETTS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION
FISCAL YEAR ENDED JUNE 30, 1995
(Amounts in thousands)

Function and activity	General Fixed Assets June 30, 1994	Additions and adjustments	Retirements and adjustments	General Fixed Assets June 30, 1995
Judiciary	$ 219,511	$ 21,317	$ 51	$ 240,777
Inspector General	117			117
Governor and Lieutenant Governor	146			146
Secretary of the Commonwealth	19,384	259		19,643
Treasurer and Receiver - General	21,019	4,225	7,128	18,116
Auditor of the Commonwealth	233	68	68	233
Attorney General	1,314	99	717	696
Ethics Commission	40		20	20
District Attorney	2,724	146	119	2,751
Office of Campaign and Political Finance	47			47
Board of Library Commissioners	85			85
Comptroller	159			159
Administration and finance	485,974	52,834	3,805	535,003
Environmental affairs	504,608	29,898	2,033	532,473
Communities and development	895	119	187	827
Health and human services	1,059,852	9,197	17,241	1,051,808
Transportation and construction	93,524	31,203	7,043	117,684
Education	1,231	1,058	572	1,717
Educational Affairs	65	17		82
Higher education	1,946	61	1,049	958
Public safety	609,447	39,309	15,133	633,623
Economic affairs	23,737	933	75	24,595
Elder affairs	170	116		286
Consumer affairs	724	76		800
Labor	1,572	83		1,655
Total by function	3,048,524	191,018	55,241	3,184,301
Construction in progress	18,158	14,864	14,795	18,227
Total general fixed assets	**$ 3,066,682**	**$ 205,882**	**$ 70,036**	**$ 3,202,528**

Public Employee Retirement System
Required Supplementary Information

COMMONWEALTH OF MASSACHUSETTS
PUBLIC EMPLOYEE RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS
FOR FISCAL YEARS 1991 THROUGH 1995
(Amount in thousands)

Fiscal year	(1) Net assets available for benefits	(2) Pension benefit obligation	(3) % Funded (1)/(2)	(4) Unfunded pension benefit obligation (2)-(1)	(5) Annual covered payroll	(6) Unfunded pension benefit obligation as a percentage of covered payroll (4)/(5)
State Employees' Retirement System						
1995	$ 5,879,000	$ 8,194,000	71.75%	$ 2,315,000	$ 2,992,000	77.37%
1994	5,802,000	8,957,000	64.78%	3,155,000	3,094,000	101.97%
1993	5,071,000	8,409,000	60.30%	3,338,000	2,919,000	114.35%
1992	4,699,000	7,061,000	66.55%	2,362,000	2,638,000	89.54%
1991	4,052,000	6,854,000	59.12%	2,802,000	2,300,000	121.83%
Teachers' Retirement System						
1995	$ 6,014,000	$ 9,161,000	65.65%	$ 3,147,000	$ 2,667,000	118.00%
1994	5,956,000	8,958,000	66.49%	3,002,000	2,573,000	116.67%
1993	5,142,000	8,440,000	60.92%	3,298,000	2,428,000	135.83%
1992	4,784,000	8,230,000	58.13%	3,446,000	2,032,000	169.59%
1991	4,086,000	8,853,000	46.15%	4,767,000	2,065,000	230.85%
State-Boston Retirement System						
1995	$ 438,000	$ 790,000	55.44%	$ 352,000	$ 232,000	151.72%
1994	443,000	718,000	61.70%	275,000	218,000	126.15%
1993	370,000	704,000	52.56%	334,000	206,000	162.14%
1992	342,000	705,000	48.51%	363,000	184,000	197.28%
1991	301,000	553,000	54.43%	252,000	203,000	124.14%

Information for the years prior to 1991 is not available.

COMMONWEALTH OF MASSACHUSETTS
PUBLIC EMPLOYEE RETIREMENT SYSTEMS - REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES BY SOURCE AND EXPENSES BY TYPE
FOR FISCAL YEARS 1988 THROUGH 1995
(Amounts in thousands)

State Employees' Retirement System

Revenues By Source

Fiscal year	Employee contribution	Employer contribution	Employer contributions as a percentage of payroll	Investment income	Total
1995	$ 218,837	$ 434,837	14.5%	$ 837,086	$ 1,490,760
1994	212,625	415,173	13.4%	132,361	760,159
1993	191,604	418,217	14.3%	517,733	1,127,554
1992	191,501	333,828	12.7%	497,003	1,022,332
1991	196,413	313,485	13.6%	111,472	621,370
1990	192,065	292,101	10.4%	298,513	782,679
1989	192,332	271,927	10.6%	487,971	952,230
1988	172,607	268,993	11.7%	64,858	506,458

Expenses By Type

Fiscal year	Benefits	Administration expenses	Other	Total
1995	$ 434,837	$ 1,297	$ 115,320	$ 551,454
1994	415,173	1,745	115,039	531,957
1993	418,217	1,910	113,634	533,761
1992	333,828	1,857	132,828	468,513
1991	311,433	2,052	107,504	420,989
1990	288,284	2,595	94,420	385,299
1989	259,101	2,930	84,185	346,216
1988	245,573	2,800	73,856	322,229

Teachers' Retirement System

Revenues By Source

Fiscal year	Employee contribution	Employer contribution	Employer contributions as a percentage of payroll	Investment income	Total
1995	$ 182,655	$ 349,903	13.1%	$ 878,758	$ 1,411,316
1994	174,363	328,707	12.8%	113,085	616,155
1993	159,980	302,988	12.5%	783,635	1,246,603
1992	146,637	284,498	14.0%	639,966	1,071,101
1991	144,173	268,010	13.0%	183,554	595,737
1990	141,645	252,717	11.4%	291,711	686,073
1989	126,004	252,443	14.1%	411,303	789,750
1988	125,223	243,966	12.6%	100,537	469,726

Expenses By Type

Fiscal year	Benefits	Administration expenses	Other	Total
1995	$ 349,903	$ 1,527	$ 79,110	$ 430,540
1994	328,707	1,932	71,712	402,351
1993	302,988	1,366	63,560	367,914
1992	284,498	1,090	63,688	349,276
1991	266,924	1,086	59,106	327,116
1990	250,214	1,282	54,355	305,851
1989	237,332	1,471	49,539	288,342
1988	224,909	1,484	46,539	272,932

Information for the years prior to 1988 is not available.

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Commonwealth of Massachusetts

Comprehensive Annual Financial Report

Statistical Section

COMMONWEALTH OF MASSACHUSETTS
TEN-YEAR SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
ALL GOVERNMENTAL FUND TYPES
FOR FISCAL YEARS 1986 THROUGH 1995
(Amounts in millions)

	1995	%	1994	%	1993	%	1992	%
Taxes	$ 11,262	47	$ 10,611	46	$ 10,021	45	$ 9,479	46
Federal reimbursements	3,852	16	3,904	17	3,376	15	3,021	15
Federal grants	1,187	5	1,205	5	1,118	5	1,199	6
Lotteries	2,957	12	2,600	11	2,148	10	1,831	9
Assessments	572	2	544	2	597	3	787	4
Motor vehicle licenses and registrations	307	1	284	1	331	1	300	1
Other fees, investment earnings, etc	1,154	5	1,113	5	1,215	5	1,710	8
Proceeds of dedicated tax bonds								
Proceeds of general obligation bonds	810	3	392	2	368	2	721	3
Proceeds of special obligation bonds			298	1			100	
Proceeds of refunding bonds	514	2	836	4	1,891	8	574	3
Proceeds of capital lease	18		34		13		17	
Operating transfers	1,534	6	1,367	6	1,177	5	1,021	5
Other financing sources	49		35		46		47	
Total revenue and other financing sources	$ 24,216		$ 23,223		$ 22,301		$ 20,807	

1991	%	1990	%	1989	%	1988	%	1987	%	1986	%
$ 9,143	41	$ 9,007	50	$ 8,695	51	$ 8,033	55	$ 7,970	54	$ 7,462	57
3,075	14	2,092	11	1,942	11	1,830	12	1,546	10	1,427	11
1,088	5	1,042	6	1,045	6	803	5	812	5	827	6
1,692	8	1,657	9	1,447	9	1,390	9	1,276	9	1,066	8
1,542	7	277	1	243	1	160	1	199	1	20	
290	1	306	2	237	2	167	1	175	1	151	1
1,455	6	1,188	7	1,038	6	993	7	829	6	824	6
1,363	6										
1,030	5	1,430	8	1,374	8	543	4	315	2	442	4
				226	1			526	4		
28		7		35							
1,477	7	1,068	6	805	5	870	6	1,159	8	893	7
36		30		5		52		7		3	
$ 22,219		$ 18,104		$ 17,092		$ 14,841		$ 14,814		$ 13,115	

COMMONWEALTH OF MASSACHUSETTS
TEN-YEAR SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BY CHARACTER AND SECRETARIAT - ALL GOVERNMENTAL FUND TYPES
FOR FISCAL YEARS 1986 THROUGH 1995
(Amounts in millions)

Character and Secretariat	1995	%	1994	%	1993	%	1992	%
Current:								
Legislature	$ 47		$ 43		$ 41		$ 44	
Judiciary	356	1	338	1	306	1	315	2
Inspector General	2		1		1		1	
Governor and Lieutenant	5		4		4		4	
Secretary of the Commonwealth	14		12		14		12	
Treasurer and Receiver - General	2,353	10	2,052	9	1,659	7	1,379	7
Auditor of the Commonwealth	11		11		10		10	
Attorney General	22		38		36		18	
Ethics Commission	1		1		1		1	
District Attorney	51		47		44		39	
Office of Campaign and Political Finance	1		1				1	
Disabled Persons Protection Commission	1		2					
Board of Library Commissioners	5		5		5		4	
Comptroller	6		6		6		5	
Administration and finance	876	4	863	4	682	3	833	4
Environmental affairs	174	1	169	1	162	1	141	1
Communities and development	340	1	358	2	364	2	397	2
Health and human services	4,491	19	4,327	19	4,034	18	4,007	20
Transportation and construction	112		120	1	273	1	92	
Education	487	2	458	2	469	2	392	2
Educational affairs	6		3		10		17	
Higher education (1)	75		67		69		1,288	6
Public safety	732	3	693	3	611	3	658	3
Economic affairs	199	1	214	1	210	1	194	1
Elder affairs	161	1	155	1	150	1	137	1
Consumer affairs	34		33		30		27	
Labor	24		24		24		19	
Independent commissions								
Medicaid	3,252	14	3,216	14	3,151	14	2,853	14
Pension	889	4	830	4	893	4	751	4
Direct local aid	2,976	12	2,727		2,547	11	2,278	11
Capital outlay:								
Local aid	94	7	100		105		87	
Capital acquisition and construction	1,698	5	1,464	6	1,133	5	1,157	6
Debt service	1,234	5	1,152	5	1,143	5	901	5
Other financing uses:								
Payment to refunded bond escrow agent	514	2	836	4	1,891	8	574	3
Fund deficit support								
Transfers	2,732	11	2,651	12	2,364	11	1,654	8
Other								
Total expenditures and other financing uses	$ 23,975		$ 23,021		$ 22,442		$ 20,290	

(1) Subsequent to 1992, expenditures related to Higher Education are presented in the University College Fund Type. Prior years have not been restated.

1991	%	1990	%	1989	%	1988	%	1987	%	1986	%
$ 40		$ 44		$ 49		$ 48		$ 45		$ 42	
298	1	305	2	280	2	271	2	250	2	268	2
1		1		1		1		3		1	
4		5		6		6		4		9	
13		11		14		13		15		8	
1,290	6	1,193	6	1,022	6	1,079	7	700	6	976	8
11		11		13		13		11		9	
89		29		43		92	1	28		24	
1		1		1		1		1		1	
42		47		81		80		41			
1											
21		20									
5		6		5		5		6		4	
878	4	874	5	485	3	737	5	999	7	311	2
172	1	171	1	185	1	198	1	180	1	181	1
410	2	403	2	390	2	349	2	293	2	264	2
5,011	23	4,118	22	3,532	20	2,957	19	2,885	19	2,290	18
176	1	162	1	60		94	1	157	1	159	1
339	2	332	2	329	2	311	2	263	2	1,174	9
1,211	6	1,155	6	1,164	7	1,058	7	1,126	7		
148	1	154	1	164	1	162	1	129	1	112	1
169	1	159	1	202	1	176	1	178	1	152	1
143	1	150	1	175	1	145	1	165	1	130	1
32		34		50		46		30		26	
21		23		24		19		19		10	
				28		35		32			
2,872	13	1,929	11	2,336	13	1,707	11	1,380	10	1,651	13
706	3	672	4	663	4	600	4	622	4	401	3
2,608	12	2,937	16	2,961	17	2,769	18	2,601	17	2,192	17
226	1	208	1	112	1	27		10			
945	5	929	5	1,125	6	842	5	764	5	632	5
1,407	7	775	4	654	4	568	4	530	4	522	4
		0		226	1			526	3		
						231	1	361	3		
2,098	10	1,613	9	1,348	8	1,088	7	642	4	1,638	12
						18		33			
$ 21,388		$ 18,471		$ 17,728		$ 15,746		$ 15,029		$ 13,187	

COMMONWEALTH OF MASSACHUSETTS
TEN-YEAR SCHEDULE OF PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL EXPENDITURES - ALL GOVERNMENTAL FUND TYPES
(Amounts in millions)

Fiscal year ended June 30	Debt service (1)	Total expenditures (2)	Ratio
1995	$ 1,234	$ 20,729	6.0
1994	1,151	19,534	5.9
1993	1,143	18,187	6.3
1992	901	18,061	5.0
1991	1,407	19,290	7.3
1990	775	16,861	4.6
1989	654	16,154	4.0
1988	568	14,199	4.0
1987	530	13,257	4.0
1986	522	11,549	4.5

(1) Debt service includes principal and interest payments related to general obligation long-term bonds and minibonds. Minibonds are general bonded debt instruments reported as fund liabilities because of their demand provisions.

(2) Expenditures related to Higher Education in fiscal years subsequent to 1992 are presented in the University and College Fund Type. Prior years expenditures have not been restated to conform to this presentation.

COMMONWEALTH OF MASSACHUSETTS
TEN-YEAR SCHEDULE OF PER CAPITA GENERAL LONG-TERM BONDED DEBT
(Amounts in thousands)

Fiscal year ended June 30	Massachusetts resident population	Total long-term bonds and notes payable	Per capita long-term debt
1995	6,203	$ 9,628,466	$ 1,552
1994	6,089	9,427,745	1,548
1993	5,998	9,231,458	1,539
1992	5,998	9,264,430	1,545
1991	5,996	8,580,339	1,431
1990	6,020	6,605,039	1,097
1989	6,016	5,370,627	893
1988	5,981	4,272,384	714
1987	5,936	4,001,918	674
1986	5,903	3,625,596	614

Source: United States Department of Commerce, Bureau of the Census

COMMONWEALTH OF MASSACHUSETTS
COMPONENT UNITS REVENUE BOND COVERAGE
FOR THE LAST TEN FISCAL YEARS
(Amounts in thousands)

Fiscal year ended June 30		Net revenues (1)	Debt service requirements (2)	Coverage
1995		$ 272,308	$ 232,473	1.17
1994	(3)	220,185	192,975	1.14
1993		332,195	305,156	1.09
1992		310,372	295,389	1.05
1991		278,822	260,982	1.07
1990		226,444	260,362	0.87
1989		219,764	49,120	4.47
1988		146,001	45,748	3.19
1987		129,577	57,877	2.24
1986		120,683	74,702	1.62

(1) Net revenues represent the regular recurring operating income (loss) plus operating grants, transfers and depreciation of only those Authorities with revenue bonds outstanding.

(2) Debt service requirements represent total debt service payments made less debt service paid on short-term borrowings of only those Authorities with revenue bonds outstanding.

(3) Amounts are reflective of the implementation of the Governmental Accounting Standards Board Statement No. 14, "The Reporting Entity." Prior years have not been restated for incorporation of the new list of component units.

Source: Office of the Comptroller

COMMONWEALTH OF MASSACHUSETTS
TEN-YEAR SCHEDULE OF MASSACHUSETTS AND UNITED STATES RESIDENT POPULATION
(Amounts in thousands)

Year	United States	% Change	Massachusetts	% Change	Massachusetts as % of U.S.
1995	263,434	0.9%	6,203	1.9%	2.4%
1994	260,967	1.3%	6,089	1.5%	2.3%
1993	257,592	1.0%	5,998	0.0%	2.3%
1992	255,020	1.1%	5,998	0.0%	2.4%
1991	252,177	1.1%	5,996	(0.4%)	2.4%
1990	249,466	1.1%	6,020	0.1%	2.4%
1989	246,820	0.9%	6,016	0.6%	2.4%
1988	244,534	0.9%	5,981	0.8%	2.4%
1987	242,321	0.9%	5,936	0.6%	2.4%
1986	240,162	0.9%	5,903	0.4%	2.5%

Source: United States Department of Commerce, Bureau of the Census

COMMONWEALTH OF MASSACHUSETTS
NONAGRICULTURAL EMPLOYMENT BY INDUSTRY
IN MASSACHUSETTS AND THE UNITED STATES FOR 1995 (1)
(Amounts in thousands)

Type of industry	MA	% of MA Total	U.S.	% of U.S. Total	MA % vs U.S. %
Total manufacturing	449	15.1%	18,319	15.7%	96.2%
Total durable goods	277	9.3%	10,573	9.1%	102.2%
Nondurable goods	172	5.8%	7,746	6.7%	86.6%
Total nonmanufacturing	2,522	84.9%	97,996	84.3%	100.7%
Construction and mining	91	3.1%	5,258	4.5%	68.9%
Transportation and public utilities	127	4.3%	6,200	5.3%	81.1%
Wholesale and retail	677	22.8%	27,226	23.4%	97.4%
Finance, insurance and real estate	213	7.2%	6,956	6.0%	120.0%
Other services	1,013	34.1%	33,053	28.4%	120.1%
Federal, state and local government	401	13.5%	19,303	16.6%	81.3%
Total	2,971		116,315		

(1) Preliminary seasonally adjusted data as of September, 1995

Sources: Massachusetts Department of Employment and Training
United States Department of Commerce

COMMONWEALTH OF MASSACHUSETTS
TEN LARGEST INDUSTRIES
BY NUMBER OF EMPLOYEES AS OF OCTOBER, 1995
(Amounts in thousands)

Industry	Employees
Services	1,013
Wholesale and retail trade	677
Manufacturing - durable goods	277
Local government	240
Finance, insurance and real estate	213
Manufacturing - nondurable goods	172
Transportation and public utilities	127
State government	100
Construction and mining	91
Federal government	61

Source: Massachusetts Department of Employment and Training

COMMONWEALTH OF MASSACHUSETTS
TEN-YEAR SCHEDULE OF ANNUAL AVERAGE CIVILIAN LABOR FORCE, UNEMPLOYMENT AND UNEMPLOYMENT RATES FOR MASSACHUSETTS AND THE UNITED STATES
(Amounts in thousands)

	Massachusetts			United States			
Year	Labor Force	Unemployment	Unemployment Rate	Labor Force	Unemployment	Unemployment Rate	Massachusetts Rate as % of U.S. Rate
1995	3,161	162	5.1%	132,440	7,476	5.6%	91.1%
1994	3,183	205	6.4%	131,836	7,600	5.8%	110.3%
1993	3,158	207	6.6%	128,633	8,252	6.4%	103.1%
1992	3,126	265	8.5%	126,983	9,384	7.4%	114.9%
1991	3,127	280	9.0%	125,303	8,426	6.7%	134.3%
1990	3,166	189	6.0%	124,787	6,874	5.5%	109.1%
1989	3,180	127	4.0%	123,869	6,528	5.3%	75.5%
1988	3,155	103	3.3%	121,669	6,701	5.5%	60.0%
1987	3,086	99	3.2%	119,865	7,425	6.2%	51.6%
1986	3,058	118	3.9%	117,834	8,237	7.0%	55.7%

Sources: Massachusetts Department of Employment and Training
United States Department of Labor, Bureau of Labor Statistics

COMMONWEALTH OF MASSACHUSETTS
TWENTY-FIVE LARGEST PRIVATE SECTOR MASSACHUSETTS EMPLOYERS

American Telephone & Telegraph Company

Bank of Boston

Beth Israel Hospital

Blue Cross of Massachusetts, Inc.

Boston University

Brigham & Women's Hospital Inc.

Digital Equipment Corporation

Friendly Ice Cream Corporation

General Electric Company

Harvard Community Health Plan, Inc.

Harvard University

John Hancock Mutual Life Insurance Company

Massachusetts General Hospital

Massachusetts Institute of Technology

May Department Stores Company

New England Telephone and Telegraph Company

Polaroid Corporation

Purity Supreme, Inc.

Raytheon Company

S&S Credit Company

Sears Roebuck and Company

Shaw's Supermarkets, Inc.

Star Markets Company, Inc.

State Street Bank and Trust Company

United Parcel Service, Inc.

Source: Massachusetts Department of Employment and Training as of June, 1995

COMMONWEALTH OF MASSACHUSETTS
STATUTORY BASIS FINANCIAL REPORT
CALCULATION OF TRANSFERS - STABILIZATION FUND
JUNE 30, 1995
(Amounts in thousands)

This statement is prepared on the statutory basis of accounting pursuant to Section 83(a) of Chapter 120 of Acts of 1995, which superseded the historic calculation done in accordance with Chapter 29, Sections 1 and 5

		Statutory Basis Financial Report	Preliminary Financial Report
Part 1	Status of Consolidated Net Surplus in the Operating Funds after amounts made available as revenues for fiscal year 1996 pursuant to Section 83(a) of Chapter 120		
	Undesignated Fund Balance (Deficit) in the Operating Funds:		
	General Fund	$ (241,878)	$ (258,101)
	Highway Fund	408,969	420,178
	Local Aid Fund	(72,167)	(71,281)
	Consolidated Net Surplus	94,924	90,796
	Less: Amount available as revenue for fiscal year 1996 equal to 0.5% of the total tax revenue per Schedule A (0.5% of $11,172,086,000)	55,861	55,861
	Remaining Consolidated Net Surplus	$ 39,063	$ 34,935
Part 2	Calculation of transfers to Stabilization Fund, pursuant to Section 83(a)(2) of Chapter 120.		
	Amount to be transferred to Stabilization fund equal to but no more than one fourth of one percent of the total tax revenue per Schedule A (0.25% of $11,172,086,000)	$ 27,930	$ 27,930
	From the General Fund, @ 60%	16,758	16,758
	From the Local Aid Fund, @ 40%	11,172	11,172
	Total Transfers	$ 27,930	$ 27,930
	Status of Consolidated Net Surplus after Stabilization Fund transfers:		
	Remaining Consolidated Net Surplus	39,063	34,935
	Less 0.25% Transfer to Stabilization fund	(27,930)	(27,930)
	Remaining Consolidated Net Surplus pursuant to Section 83(a)(2)	$ 11,133	$ 7,006
Part 3	Calculation of amount to be transferred to Commonwealth Cost Relief Fund pursuant to Section 83(a) of Chapter 120.		
	Consolidated Net Surplus after transfer pursuant to Section 83(a)(2)	$ 11,133	$ 7,006
	Less: Amount to be transferred to the Commonwealth Cost Relief Fund no more than one and one half percent of tax revenue per Schedule A (0.5% of $11,172,086,000)		
	From the General Fund @ 60%	(6,680)	(4,204)
	From the Local Aid Fund @ 40%	(4,453)	(2,802)
	Remaining Consolidated Net Surplus pursuant to Section 83(a)(3)	$ 0	$ 0

		Statutory Basis Financial Report	Preliminary Financial Report
Part 4:	Calculation of amount to be transferred to Stabilization Fund pursuant to Section 83(a)(4).		
	Remaining Consolidated Net Surplus after transfer pursuant to Section 83(a)(3)	$ 0	$ 0
	Additional amount to be transferred to Stabilization Fund	$ 0	$ 0
Part 5:	Status of Stabilization Fund after transfers.		
	Reserved for Stabilization - Accumulated Balances	$ 397,475	$ 397,475
	Add: FY95 Transfers to Stabilization Fund	27,930	27,930
	Balance remaining after transfer to Commonwealth Cost Relief Fund	0	0
	Reserved for Stabilization	$ 425,405	$ 425,405
Part 6:	Calculation of Consolidated Surplus after Transfers:		
	Undesignated Fund Balance (Deficit) in the Operating Funds:		
	General Fund	$ (265,315)	$ (279,061)
	Highway Fund	408,969	420,178
	Local Aid Fund	(87,792)	(85,255)
	Amount available as revenue for fiscal year 1996	$ 55,861	$ 55,861

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